7 Keys to Brand Repositioning for the Future

Few business professionals would question the truism that we are now living in a completely different world where the customary practices of brand marketing no longer work. In this increasingly connected and socially conscious world, it is no longer possible for corporations to fulfill their strategic business goals using the tried-and-true “push marketing” methods, dictating to consumers through the traditional media what to buy, strictly using appeals to their baser instincts.

The future belongs to brands that reposition themselves to serve the larger interests of society and the deeper needs of their customers. Those that stubbornly refuse to change will find themselves butting up against and losing to consumers who increasingly want to do business with brands that actively demonstrate a greater social responsibility and a more authentic connection to their customers’ concerns. Corporations that fail to implement socially responsible practices will find consumers punishing them by shunning their products and damaging their reputations in the real and virtual world. Brands that take their customers for granted or act duplicitously towards them, with blatant disregard for the higher human values that are the necessary glue of a healthy consumer-brand relationship, will find themselves increasingly exposed to collective disregard.

These are not empty assertions. Their truth is driven by an indisputable new reality that many companies have yet to fully ingrate into their business strategies—namely that consumers are now empowered as never before with tools that allow them to unify their voices and leverage their purchasing power to reward socially good brands and punish negligent ones. The full impact of the Internet, social media, and smart phones to strengthen consumer power may still be in its infancy, but as these tools evolve in the coming years, so will consumer ingenuity to adapt and use them to apply pressure on irresponsible corporate behaviors and advance new models of business interaction.

Rather than resist the drive toward corporate social responsibility, brands will find it far more productive to embrace the benefits this consumer power indirectly provides them. There is a huge amount to gain in both profits and reputation by “partnering” with consumers to help build the better world they seek. Profits will derive from restoring stability throughout the
industrialized world that is currently stagnating from the current recession, and from helping expand prosperity into the developing world. Reputation will derive from offering consumers a vision of a better world to which they resonate and living up to implementing it on a global scale.

There are 7 key principles that will guide companies in becoming the brand leaders in this complex and socially networked new world:

1. Offer consumers a vision of a better world.
2. Allow consumers to be the co-authors and co-creators of your brand story.
3. Build social capital as well as financial capital.
4. Seek re-election from consumers every day.
5. Embrace prosperity as the well-being of many, not the wealth of a few.
6. Sacrifice short-term profits to avoid long-term costs.
7. Compete using collaboration and cooperation.

These principles all recognize that there is a redistribution of power going on, enabled by the Internet, social media, and smart phones that will increasingly alter the accepted patterns of brand-consumer dynamics. These principles all foster how brands can respond in meaningful ways to the growing consumer desire for a better world and a deeper relationship with their brands. Let’s examine each of them in greater detail.

**1. Offer consumers a vision of a better world.**

In the new social business world, the brand leaders of the future will be those that can inspire consumers with a larger “world vision.” In the past, a brand’s vision focused around how its product’s attributes appealed to either the consumer’s needs (such cleanliness, softness, luxury, durability) or his self-interests such as money, stature or power by association with the product. But consumers have greatly matured in their perspectives about social responsibility. They increasingly want corporations to produce not just great products and services, but to serve a larger purpose in the world that adds true meaning to their lives.

Social consciousness is rising. Citizens are more aware than ever of the myriad crises facing the planet: poverty, urban blight, malnutrition, disparity of wealth, infant mortality, environmental degradation, and more. They are reacting by increasingly embracing their own responsibility to play a role in creating a better world. They see how governments and
philanthropies are more burdened than ever, unable to respond to the scale of existing problems. In contrast, they see corporations as huge repositories of funds, resources, and capabilities that to date have been directed towards themselves and their shareholders rather than put to use to advance all humankind.

Today’s consumers are pushing for this dynamic to change. We can see evidence of this in how consumers are making more selective decisions about which products to buy and which companies they want to do business with. They are taking into consideration a wider range of factors in their purchasing decisions, such as where a product is made, how the company treats its employees, and what environmental impacts might result from their purchases.

The most effective corporate strategies of the future will see opportunity in this growing consciousness rather than a limitation on their profits. Corporations that want to ensure their own well-being and survival must begin reaching out to consumers on the basis of value propositions that are informed by a vision of the world that benefits everyone, not just themselves. Once they commit to doing this, their ability to attract consumers and engage with them will be a function of how seriously and transparently they take their social responsibility.

Several leading brands are already demonstrating with success how to offer consumers a larger world vision through sophisticated and socially engaged marketing strategies. Pepsi, for example, has raised the standard in corporate social responsibility with its Pepsi Refresh campaign, in which it invites consumers themselves to identify worthy causes and then lets them vote on which ones Pepsi should fund each month. Coca Cola sends emissaries around the world to document the concept of happiness through its global “Open Happiness” campaign. Toyota markets its Prius on the basis of aspiring to create “harmony between man, nature, and machine.”

Those corporations and brands that resist this evolution and continue marketing using anachronistic push strategies will fall by the wayside. Consumers will perceive them as myopic, self-interested, and an obstacle to the possibility of creating a better world.

2. Allow consumers to be the co-authors and co-creators of your brand story

In the past, corporations have aimed to tightly control their brands and how consumers perceive them in the marketplace. Corporations held the power over the media and dictated all messaging through their broadcast advertising campaigns. Marketing to consumers was a one-
way street. Ad spots were monologues, effectively telling consumers what to think and what to buy.

This is no longer true in the new world as the rise of consumer power is destined to completely alter the former corporate control. Enabled by social media, consumers not only have access to the media, but they now control much of it themselves. Through Internet sites like YouTube, social networks like Facebook, and mobile applications like GoodGuide, consumers can now talk back to brands and participate in shaping their reputations. Armed with their new tools, any person can now become a creator, producer, or distributor of content that can either positively or negatively impact a brand in front of millions of people. Proof of this is evident in numerous YouTube videos about products that went viral among millions of people, helping brands in some cases (such as the humorous videos demonstrating the Coke and Mentos experiments) while harming them in others (such as the videos showing KFC employees mistreating a chicken).

The savviest companies will be those that acknowledge and willingly work with this new dynamic. They can do this by inviting consumers to share in the stewardship of their brands or even by asking them to help co-create their brand’s story. Dove’s ‘Real Beauty’ campaign is a good example of this principle. Rather than running a traditional advertising campaign that reinforces long-standing stereotypes and unhealthy concepts about beauty, Dove chose instead to invite its customers to help debunk the myths. Women were encouraged to make short videos about what beauty means to them and submit them to Dove’s Real Beauty web site. The top videos then helped launch an intensive international dialogue about women, beauty, and self-esteem that has proven popular and impactful. Through this campaign, Dove’s customers were not only given a voice in the dialogue about the brand, but they literally helped create a new public face for the company.

Sharing power with consumers represents a big psychic shift for many brands that have never imagined allowing consumers to have a say in their storytelling. The entire industry of marketing and PR is built on the precept that a brand must control its own reputation and its meaning in the world. It will be very difficult for many brands to give up their control because it involves recalibrating how they think, organize themselves, communicate to the marketplace, and even assign job titles to their executives. This change will not be a simple process, nor is it one that can be done quickly, but that does not make it any less critical. Those brands that fail to
invite consumers to join them in co-creating the vision of the brand will fade into the background as consumers will be attracted to spend their time and attention focused on companies that proactively share influence with them.

3. **Start building social capital as well as financial capital.**

In traditional corporations, the driving force is to increase financial capital in the broadest sense of the term. What counts are meeting or besting the numbers relative to revenues, sales growth, ROI, and quarter-over-quarter increases. Shareholders, especially institutional ones, zero in on the short-term results. They have no qualms holding companies hostage to ever-higher share price targets and they are willing to sell their shares if the company disappoints them. The stories of investors punishing companies that miss their earnings projections by just one or two cents are legend. The focus on immediate profits is also why the average length of tenure of a Chief Marketing Officer is now less than two years.

In the brand-consumer dynamics of the new world, however, a firm’s *social* capital—its global image, reputation, and ability to capture goodwill among consumers—will increasingly become a vital component of the brand’s value in the marketplace. We can see this shift happening in the growing movement of investor money into socially responsible investment funds (a trend that has prompted the Rockefeller Foundation to award the non-profit B Labs a grant to develop a new rating system that will function like Morningstar but focused on measuring the social responsibility results of companies). Even large investment banks are now providing wealth management services tailored to high net worth families looking for companies and mutual funds that have a positive impact on the planet.

Why is social capital becoming the key element in a brand’s valuation? It has to do with a major shift happening in the emotional bond between brands and consumers. Marketers and advertisers know that people are driven by different motivations to become loyal fans of a brand, particularly when the products are discretionary purchases rather than commodities. When people have to buy commodity products like plastic cups or paper plates, they tend to be less invested in the decision and are willing to choose the least expensive or closest to the shelf product. But when the product is a discretionary purchase, especially something with a high price tag like an appliance, computer, high tech gadget, mobile phone, or automobile, consumers will seek to form a strong emotional attachment to their purchases. One commentator, David
McRaney, calls people with such strong attachments to products “fanboys” (although it refers equally to men and women).

McRaney cites several “cognitive biases” that feed the fanboy type of consumer behavior. One of these is the Endowment Effect, which refers to tendency that humans have to justify what they already own as being better or worth more than what they do not own. This effect can be seen in experiments in which participants are asked to ascribe a value to an object, say a bottle of water. After they assign a value, they are given one for free. Later, when asked again how much they believe the item is worth, people have a tendency to give the object a higher value because they already own one (even though they obtained it for free).

A second cognitive bias that the consumer mind plays out is the Sunk Cost Effect—the tendency among people to maintain their endorsement of something they have already put money into, regardless of its quality or efficiency. For example, people will defend the brand of their car as the best, even if it has problems, only because they already invested so much money into it.

A third bias is Choice Supportive Bias, which explains our tendency to defend our selection of an item we purchased only because we have already been faced with many choices and complex features and chosen this one. Having struggled with our decision, we seek to justify in our own minds that we chose the best product.¹

These three cognitive biases all function to increase consumers’ attachment to the brands they buy. They heighten the emotional bond we all have to those objects we have purchased, which skews our sense of their worth and quality. We then tend to use those objects to feed our own self-image, and this affects our future purchases because they must adhere to that same self-image. If you are Apple fan after purchasing one Apple product, you will tend to insist that all Apple products are best and you will become a loyal fan and purchaser of all other Apple products. The same is true of any brand to which you become emotionally attached, be it Abercrombie & Fitch, Honda, Whirlpool, Chanel, Nike, Burberry, Timberland, or Izod.

Brand marketers and advertisers are skilled at tapping into these human biases and need for consumers to create a positive self-image of themselves. Corporations spend billions of dollars on marketing and advertising campaigns designed to create this profound emotional attachment to their brands. Advertising is a vital component of communicating a brand’s meaning to consumers, both initiating and constantly renewing their natural cognitive biases so as to justify
their purchasing loyalty. The greatest global brands are those that succeed most highly in this endeavor in many languages and cultures.

The problem is, this model of brand-consumer dynamics is now being severely disrupted. The rise of social consciousness, consumer power, and citizen media are making consumer loyalty based on those three cognitive biases no longer a predictable response. Consumers are forming a critical new cognitive bias in their purchasing equation—namely, the social meaning of the brand. They are increasingly checking to see if their brand conveys a constructive and positive connotation in the world, not just an emotional attachment to themselves. Consumers now want to examine many additional qualities of a corporation’s social capital: its reputation, its authenticity, and its social consciousness. They are asking a wider range of questions about the companies behind their brands: Does it treat its employees fairly? Is it known to practice ethical behavior? Does it mistreat the planet or waste resources? Does it pursue responsible business practices? Does it give something back to the world? As a result, this new consciousness is leading to a significant overhaul of the former dynamics between brands and consumers.

The impact of this shift is that, to be successful, corporations must begin digging deeper into how they can form a meaningful emotional attachment with their customers. They will increasingly need to build social capital by being more committed and transparent with consumers about their mission and business practices. Attracting a loyal following of consumers will be less about proudly touting the superiority of one’s products than it will be about what Pepsi’s CEO Indra Nooyi calls “performance with purpose.”

To build social value, companies will need to begin converting their production and services into actions that build meaning into the transactions. The well-respected thought leader and blogger Stowe Boyd referred to this when he stated “meaning is the new search.” What he meant is that consumers are now so overwhelmed with information in the marketplace that they are limiting their options to only what’s most meaningful to them. As a result, those brands that can ascribe the most meaning to their products will be those that secure consumer attention.

For some companies, building social capital will be a difficult task because they carry negative baggage. They may come from a background of making unhealthy products or they already have a reputation for unconscionable business practices. Many companies try to compensate for this by sponsoring corporate social responsibility programs. But today’s Internet-
enabled world creates transparency and exposes duplicity, such that consumers can see through attempts to disguise unethical business practices with minimalist social good campaigns. Building social capital in these types of companies has to come from deeper within the organization through sincere demonstrations that the company recognizes its shortcomings and is taking steps to change.

When we look at Pepsi, for example, we can see a company that still relies extensively for its financial capital on selling sugar water. But health experts know that soda is increasingly linked to bad dietary habits, especially among children. Research is proving beyond any doubt that so many unhealthy products in our society contribute to obesity and lead to chronic diseases later in life such as diabetes. So while Pepsi’s financial capital has been heavily built on the success of its brand, the company has discovered it can no longer trade strictly in financial terms and is taking steps to change by divesting into numerous other products that carry a healthier connotation. As Indra Nooyi stated, “Food and beverage companies have to actively reformulate their products, so they are not just treat products, but healthy eats. They should not be products where you pay more for health, or where they healthy products taste bad.” Pepsi also participates in many new endeavors to further sustainable business practices, including smarter watering mechanisms for farms that supply its factories, a reverse vending machine that accepts recycled bottles and cans, and solar energy generators for its manufacturing plants.

Coke has created an interesting spin on understanding the importance of social capital to consumers. In examining how the company will get from 2010 to 2020, Coke’s Director of Knowledge & Insights, Tom LaForge focuses on studying the key forces that will shape the next ten years for business—such as population growth, the spread of capitalism, the growth of affluence, and medical advances in lengthening life. His conclusion confirms what he calls the evolution of a ‘new consumer’—which he defines as a hybrid of consumer, citizen, environmentalist, and community member. In his view, this new consumer will become the biggest driver of business in the future. As a result, LaForge believes that the smartest companies will be those that learn how to act as ‘Social Construction Brands’ that help consumers be all these things together. In his view, brands must learn to create their value by becoming storytellers and meaning makers, stewards of the planet, cultural leaders, and designers of beauty and aesthetics.²
Clearly, building social capital is antithetical to profit-oriented capitalism. Many companies will simply retort that they are hard-pressed to justify sacrificing financial returns in favor of building social capital. But the importance of social capital in today’s world demands that companies begin to embrace these new priorities through value propositions that prove to consumers their commitment to building a better world, such as by contributing their expertise, innovation, products and services, and their resources to causes that need them. As counterintuitive as it sounds, such a value proposition is the most self-interested action a corporation can take. Contribution is the new self-interest.

4. Seek to Win Reelection Everyday

In the political world, citizens only get to vote every few years, but in the new world of brands and social media, voting happens every day and not just in the shopping aisle. Thanks to the tools of the new “citizen media” like Facebook, Twitter, Groupon, and a plethora of smartphones apps, consumers are now constantly connected, enabling them to talk about the brands they buy, share their opinions, and vote with their purchases. Consumers can write, blog, and tweet about their favorite products and criticize their least preferred. They can use their mobile phones to call friends or download apps that give them recommendations when they are about to purchase.

Numerous surveys have shown that consumers rely on each other for information and turn to social media to share their opinions about brands. In April 2010, for example, Performics commissioned ROI Research to study Twitter behavior around brands. The study found that 33% of Twitter users share opinions about companies or products at least once per week. Meanwhile, 32% make recommendations about products and 30% seek guidance and direction. In another recent study conducted by Chadwick Martin Bailey along with iModerate Research Technologies, it was demonstrated that individuals who follow brands on Facebook and Twitter are 51% and 67% respectively more likely to buy a product post connection. Similarly, Facebook and Twitter users are 60% and 79% more likely to recommend a brand as a result of their engagement online. This is especially true among members of the Millennial generation who commonly discuss what purchases have made their lives easier, happier, and more fulfilling.
Their positive words are a vote for a brand; their criticisms are effectively a vote for a competitor.

The ability of consumers to vote on a brand is steadily becoming easier, as technology keeps innovating new tools to facilitate their decisions. For example, websites like brandkarma.com help inform consumers about the social responsibility, carbon footprint, treatment of employees and other purchasing factors on thousands of products. Numerous mobile phone apps are also available to put immediate information into the hands of consumers in the shopping aisle, such as the GoodGuide iPhone app that helps consumers identify while they shop safe and healthy products made under sustainable conditions. Consumers simply scan the barcode from the product and they can immediately see detailed ratings on the health, environment and social responsibility of more than 50,000 products and companies. Barcoo is a similar app available in German and soon in English that scans bar codes and provides consumers with information about a product, where to find the best prices for it, along with product reviews, health-information, and even Wikipedia links about it.

The impact of this power of consumers to vote on their brands has grown to such significance that an entirely new industry has emerged in “consumer sentiment measurement” devices. Designed to provide Chief Marketing Officers, brand executives, and advertising agencies with real-time information, these tools capture billions of data points derived from sources such as Google searches, chat rooms, blog posts and Twitter feeds reflecting what consumers are saying about a brand. The device then analyzes the data and displays it on a dashboard that synthesizes the fluctuations in consumer sentiment about the brand.

In the new world, the leading brands will be those that recognize the value that honest and vocal consumer sentiment can mean to them. Rather than viewing this as a dangerous or negative force, consumer sentiment actually portends an exciting future for brands, because the technology around it offers a new level of predictive capability. For example, a company called Compass Labs offers to analyze a brand’s consumer data and draw conclusions about the future purchasing decisions consumers will make based on their past actions. It does this by gathering information about people from their social network and web usage, and then makes predictive guesses about their future purchasing interests and intentions. A brand can then push out information to potential new customers and engage pre-qualified prospects in advance of their actual contact with them. (In many ways, Facebook’s Open Graph platform also achieves this
capability by allowing third party sites around the web to share information about consumers. This enables those external sites to aggregate data and target consumers far more effectively based on their demographics, psychographics, and sociographics.

Ironically, so much data about consumers and their daily voting will soon be available that it is going to become challenging to capture, synthesize and act on all the feedback that brands will be able to collect. Writer Richard Macmanus pointed out in a New York Times article, for instance, that mobile phones are effectively powerful sensors that can relay to brands a slew of information about a consumer’s demographics, buying habits, location, and preferences. In response to that idea, PSFK, a New York City trends research and innovation company, pointed out that brands everywhere will soon need to invest in the “infrastructure, knowledge and discipline to mine, analyze – and identify opportunities to better meet the evolving needs of a changing consumer market – lest they risk losing a consumer that has moved onto other brands that better met their changing needs.”

In effect, brands and consumers will soon be getting into the data trading business. Brands will monitor the trends in and around consumer sentiment while consumers will monitor and trade data in and around brand behavior. One new dynamic we will increasingly see will be built around brands paying consumers for their attention. In the fight for eyeballs, they will make offers and entreaties and start conversations to garner a consumer’s attention, because once they earn that they also capture the data that allows them to make more informed and targeted marketing campaigns.

Given that every day is Election Day, brands must seek to appeal and win over their audiences, not just through their products but also through their behaviors. This impacts on the role of marketing, which must not only champion the company’s products but also the brand’s social contribution that consumers are searching for. Unlike politicians in an election cycle, brands get no time to rest. They have to maintain an ongoing campaign to prove to their constituency that they deserve to be re-elected.

5. Embrace prosperity as the well being of many, not the wealth of a few.

This principle reflects the economic truth that there is more profit to be made in a world of prosperous consumers than in a world in which affluence is limited and shrinking. Building a
global consumer society is effectively the equivalent of building economies of scale into your business equation. Corporations must recognize that it is in their interest to help fill the world with consumers who have decent paying jobs and purchasing power. One cannot assemble a sustainable business enterprise if more than two-thirds of the world’s population does not have enough income to buy the products you produce. The more employed, income-producing, middle class consumers you create who have discretionary purchasing power, the stronger the capitalist engine you build to support your company.

The logical conclusion of this principle is that corporations and their brands need to have a strong vested interest in spreading prosperity more widely throughout the globe. The private sector can do a far better job at contributing to the social and economic advances needed to bring jobs, stability, and prosperity to larger and larger portions of the planet.

Helping to spread wealth around the globe is an investment with potentially enormous payoffs. In 2004, the late C.K. Prahalad, for Distinguished Professor of Corporate Strategy and International Business at the Ross School of Business, University of Michigan, coined the term the “base of the pyramid,” arguing that the gigantic foundation of 2.5 billion people now represents the world’s largest future market. Further recent data and experience support his thesis. China, for example, provides perhaps the most concrete example of a burgeoning consumer society created with its 150 million people that joined the middle class in only one decade. The Brookings Institute predicts that another 520 million Chinese will have middle class incomes within the next ten years, by 2021.\(^5\)

An insightful report from Nielsen discussing the future markets of the world states that by 2020, the World Bank estimates 1.3 billion people in the developing economies of the world will enter the middle class (where middle class is defined as having one-third of their income left over after paying housing costs). The Nielsen report points out that the middle class is typically accepting of change, as they are the demographic with the education, the motivation, and the interest to adopt and purchase new products, especially new technologies.\(^6\)

The potential for growth and profits by creating a more prosperous global society suggests that corporations need to reassess their the mindsets and barriers that prevent them from investing in spreading prosperity as widely as possible. Any brand that seeks to become a leader in the future must make global prosperity a high priority both in its mission statement and in the actions it takes each and every day.
6. Sacrifice short-term profits to avoid long-term costs.

Although corporate consciousness about sustainability has been improving, it still lags far behind the level it needs to be in order to create a better world. The number of corporations committed to sustainable business practices is still far too small and the actions they take remain inconsistent and incomplete. In a 2010 McKinsey survey of business executives, for example, showed that while more than 50% of them reported that their companies consider sustainability to be “very” or “extremely” important, only 25% say it is a top priority for their CEOs, and only 30% say their companies invest in sustainability or embed it into their business practices.

To be a leading brand of the future, a lax attitude toward sustainability won’t cut it with consumers. As our resources diminish and the planet becomes more polluted, with less and less clean water and air, consumers will want to do business with those brands that commit to real sustainable business practices. Brands that continue to resist the need to transform their business into sustainable engines of commerce will not only lose consumer support, but they will also fade away, replaced by socially responsible entrepreneurs building new industries that inspire customers to support them.

To achieve this change, many corporations today will need a new breed of leadership willing and able to stand up to shareholders and boards that seek only to maximize profits without considering long-term sustainability issues. We need corporate leaders who are willing to work from a much higher perspective, guided not just by the short-term well-being of their company, but by a longer-term vision of how the organization can benefit society at large for decades, if not centuries, to come.

The commitment to sustainability needs to extend deep into the boardroom. Boards of directors need to reframe their responsibly to stakeholders in terms of the fuller value the company can create, not just the money it makes. Their performance should also be judged on how well they have protected and enhanced the value proposition at the core of a company. The fact that so many companies don’t have a clearly-defined value proposition today is part of the reason they don’t succeed. It also explains why companies that have visionary leaders tend to succeed because those CEOs are able to clearly define a meaning that resonates with their customer base.

The costs of transforming any corporation into a fully committed proponent of sustainability will depend on the firm’s operations and needs for new technologies or new processes. But to be
fully committed to sustainability means the company must accept a long-term view of those costs and rewards. It is inconsistent to claim you are in favor of sustainable business while solely seeking to maximize short-term profits.

The good news is that the long-term payoffs include a wide array of positive results that will eventually come to your bottom line in a positive way. An aggressive commitment to sustainable business builds social capital among consumers and improves the company’s standing and reputation as a leader among brands. It also motivates employees, who become advocates of the company and its brands. Employees are the first marketing arm of any brand, and the better they understand the purpose of the brand, and how it is working to fulfill that purpose, the happier they are, which then improves employee retention.

If there any doubts that these payoffs will come, consider the following research study. Ethisphere, an independent agency that ranks and rates ethical companies according to strict criteria, charted the stock market growth of the top 100 “ethical” companies and compared it to the overall growth of the S&P 500 between the period of 2005 to March 2010. Most people are surprised to learn that the leading ethical companies vastly outperformed the other index, delivering a 53 percent return to shareholders compared to the S&P’s 4 percent shareholder loss over the same period.

Not all of these payoffs are going to show up immediately, and the investment in transformation may outweigh the short-term revenues on an immediate basis. But companies need to begin recognizing that their true self-interests lie not in tomorrow’s dollar profits, but in the sustainable prosperity they build for the future. They need leadership willing to educate Wall Street and their shareholders that these costs will more than be recouped through a healthy sustainable business environment and a community of loyal customers.

7. **Compete through competition and collaboration**

The preponderance of crises in the world, their scale, and complexity make problem solving enormously challenging. Many of the most severe crises—poverty, malnutrition, physical and mental health, education, and peace—are clearly beyond of the scope of any one corporation, institution, non-profit, or government to fix. The world today needs teamwork, partnerships, and collaboration in balance with continued competition. As Bill Gates put it, “We need partnerships between government, philanthropy and the private sector.”
This is not to say that brands should not compete for business or seek to entice the largest number of consumers to become their exclusive loyal fans. Business is business. But there are also occasions when companies need to work together instead of continuing to protect their own backyard. Collaborating helps breed more innovation, discover more effective solutions, and create more momentum. It drives positive thinking and expands our collective social consciousness. Most importantly, it builds goodwill and social currency among consumers.

Making collaboration a key element of a brand strategy makes total sense in this era of the Millennial Generation. It is often said that the second half of the 20th century belonged to the Baby Boomers, while the first half of this new century belongs to the Millennials. As the largest segment of potential new consumers, the Millennials are a force whose attitudes towards life and work favor openness, honesty, authenticity, and cooperation over competition, manipulation, privacy, and protectionism. It is especially a generation that believes in corporate social responsibility and sustainable business practices. They endorse open sourcing as the best way to produce new products, and crowdsourcing of opinion as the best way to make decisions.

There are four ways that corporations can seek to collaborate:

*Across industry sectors –* Corporations in a variety of industry sectors can collaborate to share research and strategies to solve a common problem they have. An excellent example of this is the green business coalition, Business for Innovative Climate and Energy Policy (BICEP), which was jointly founded in 2008 among Nike, Starbucks, Levi Strauss, Sun Microsystems, and Timberland. The five companies see themselves as having shared vested interests in halting global climate change, and have agreed to work together to push for stronger policies for all organizations to cut global warming and create a clean-energy economy. Together, the five companies have developed proposals regarding reductions in greenhouse gases, renewable energy, and coal-fired power plants. Each one has also vowed to reduce its own energy consumption or its emissions downwards to demonstrate its commitment to the mission.

*With competitors –* Companies may find their self-interest best served by collaborating with competitors to tackle a problem of common value to all of them. For example, Nike released in December 2010 an open source application that helps all apparel manufacturers design their clothes in a more sustainable manner. Called the Environmental Apparel Design Tool, it allows designers to more effectively evaluate waste, energy, and toxins found in their manufacturing
processes and to make real-time decisions from the start of the product creation cycle to minimize environmental impacts.\textsuperscript{7}

\textit{With their value chain} – More and more companies are reaching out through their value chain of suppliers and vendors to work jointly on issues of sustainability, environmental responsibility, and ethics and compliance. For instance, Walmart has become a global leader in championing environmental sustainability throughout its value chain, vowing that it will work only with suppliers that fulfill its ambitious environmental goals, including to be supplied by 100 percent renewable energy, to create zero waste, and to sell products that sustain people and the environment. The company is the lead player in a consortium of universities, suppliers, NGOs, and other retailers to develop a global “sustainability index” that consumers can use to evaluate every product’s history and compliance with sustainability standards.

\textit{With government} – Corporations have a long history of cooperation with government agencies, but far more is needed to create a better world faster than the crises destroy it. We need more brands willing to step up to the plate with government to take on the role of a real third pillar of social transformation. This cooperation may mean being willing to loosen one’s self-interest in the service of a higher degree of self-interest—the greater good of the public. One of the most recent joint efforts to exemplify this is the Healthy Weight Commitment Foundation, a consortium formed at the behest of First Lady Michelle Obama among 80 leading U.S. food and beverage manufacturers including Campbell Soup, Kraft Foods Inc., Kellogg Co., General Mills Inc. and PepsiCo Inc. The members, who account for roughly 20 to 25\% of the U.S. food supply, have agreed to take action in response to the federal government’s concerns about the severely rising rates of obesity in the U.S., especially among children. In a major transformation, the manufacturers will reduce the calorie counts in their products by 1 trillion calories in 2012 and 1.5 trillion by the end of 2015, by providing lower-calorie options, changing recipes, and reducing portion sizes of their products.\textsuperscript{8}

\textit{With their community} – Corporations can also reach out to their consumers to collaborate on projects of concern to them. The Pepsi Refresh campaign illustrates such a model for how companies can offer incentives that attract consumers to work jointly with them. Some companies, such as Starbucks and Dell, have devoted some of their website to more formal “ideation” pages wherein they ask consumers for their opinions to improve their business or enhance their social outreach.
There are many ways that corporations can collaborate in these various permutations. They can:

- Give away their intellectual property when it might help others improve their sustainability, such as Nike does in BICEP,
- Share R&D expenses and research work leading to advances usable by all
- Co-fund or co-sponsor emerging ideas of common value
- Co-conduct seminars and learning workshops
- Join together to co-sponsor new legislation

The momentum is building behind all these now, to the point that there are now websites that track this new trend of cooperation, collaboration and co-creation. One of these is CSRWIRE which tracks what companies and groups of companies are doing to bring about more sustainable business practices.

**The Advantages of Being a Leading Brand**

These 7 principles are intended to provide guidance in developing a commanding strategy that attracts consumers to your brand. Those corporations that resist implementing these principles, at least to some degree, are going to become anachronisms in today’s changing brand-consumer world. To be clear, becoming a brand leader is not the result of doing good to look good. The rationale for these principles is that they encompass the behaviors that will soon be the only way a corporation can survive and thrive in a world in which consumer power is increasingly able to influence brands. It’s just not possible to continue advocating business as usual without engendering substantial consumer push back that will surely impact your bottom line.

Let me paint a picture of the value proposition to your organization in becoming a socially conscious brand leader doing business in the new world. There are five areas of benefit:

1. **It helps brands build an ideation community**

   By doing good, a brand generates a tight community of supporters that can serve a number of roles, including its intellectual property (IP), Research & Development (R&D), and enhancing the profitability of the corporation (P&L). A brand’s community is its IP because you can count
on loyal fans to give you feedback about your products and services, or even to build on them through aftermarket products and enhancements. Facebook’s members loved the site so much that 300,000 of them voluntarily participated in translating it into more than 70 other languages using a translation tool Facebook provided. The online thought leadership platform TED enlisted the service of its community to help make its website accessible to people in different countries around the world. Wikipedia was built by unpaid community members, who devoted millions of man hours of time to create and update its content on a daily basis. Apple recognized the value of community when it opened up its iPhone to the world of independent app developers. Their decision paid off enormously as there now over 200,000 iPhone apps, which not only enlists the power of that community to fulfill its own needs but makes everyone in that community increasingly dependent on the iPhone itself.

A brand’s community also becomes its R&D because many of its consumers are willing to devote time and attention to improve products or create new ideas for the brand. For example, Mountain Dew created a new flavor by tapping into crowdsourcing to generate the ideas and vote on the new product’s packaging and marketing campaign. Even more recently, Levi’s used crowdsourcing to select new male and female “faces” of its brand.

And finally, a brand’s community is its P&L because they become the generators of profit who help to boost brand awareness and sales.

2. It creates a positive impact on your company’s talent and employee commitment

Being a leading brand is a magnet to attract great employees who will become your first line of advocates. Satisfied employees who believe in the company are not only more motivated and passionate about working at the company, but they become your most vocal word of mouth (WOM) advertisers. Keep in mind that your employee WOM goes far beyond just chatting informally with their friends when they get home. In today’s world, it typically extends into all the blogs and social media with which they affiliate. A single employee may thus impact literally thousands of others who become your potential fans.
3. It helps breed a global culture of corporate social responsibility

Doing good in the service of building a better world impacts your direct business environment by enhancing your reputation, but equally important, it strengthens the entire global business climate. As such, your demonstration can inspire others to follow suit, creating a virtuous spiral that increases the odds of not only changing one small corner of the planet but the broader practice of capitalism as a whole, leading to a better world.

4. It renews connection and intimacy with your customers

Becoming a socially responsible business also gives brands a powerful new vehicle to connect with their customers by engaging them in dialogue to learn what motivates them, what social and political issues concern them, and what they as brands can do to earn their loyalty. Traditionally, brands have been forced to spend millions of dollars on research to get the data they need to understand what their consumers say and think about them.

But with the deeper connections that come from being a leading brand that attracts millions of loyal fans, you will find it easier to obtain deeper and more comprehensive information about your customers without the need to pursue traditional market research methods. The reason for this is that brand experts have proven beyond any doubt that trust is a key element in why consumers remain loyal to their brands. Brands that don’t participate in a program that deeply motivates consumers will risk losing their trust and seeing their customers migrate to those competitors that do. Just as we already see brands that fail to engage with social media robbing themselves of the opportunity for enhanced awareness and trust among consumers, those that fail to participate in a commitment to socially responsible business practices will fall further behind, diminishing their competitive advantage in the marketplace.

5. It boosts your bottom line results

Finally, reaching out to consumers about issues of importance to them has been shown to result in increased sales. For example, the most recent FEED study by leading digital firm Razorfish cites that of the thousands of consumers surveyed, 65% said an online experience with a brand changed their opinion of that brand, and 97% said that experience influenced whether or not they would purchase an item or service. Furthermore, a survey of more than 200 financial services, manufacturing, healthcare, government, retail, and education organizations worldwide
performed by Palo Alto Networks between March and September 2009, found that among brands using Twitter to get the word out about their company, sales and promotions had jumped more than 250 percent from the prior spring, while the number of companies using Facebook for such tasks grew by 192 percent.\textsuperscript{9} Another study, Engagement, produced by Wetpaint / Altimeter, found that brands that engage in 7 or more channels of social media experienced 18\% growth in revenues in the 12 months prior to July 2009.\textsuperscript{10} The study cited specific examples of how a company’s growth in social media engagement has translated into visibility and profits. For example, Starbucks already had a Facebook page that had attracted 200,000 people. Yet when they offered to run the fan group and put up content for them, their Facebook fan base swelled to 5 million people, making it now one of the largest Facebook fan groups.

\textit{Conclusion}

In many ways, the rise of social media is an example of what economist Joseph Schumpeter famously called “creative destruction,” referring to the concept that innovation advances the world yet it also destroys archaic old industries that are no longer suited to the new stage of development that the innovation created. This is precisely what is happening today. We have all witnessed the very public transformations of the music, movie, newspaper and publishing industries, each of which tried yet failed to stall the march of progress altering its industry.

In the same way, the Internet and the tools of Facebook, Twitter and other social networks are creating an entirely new dynamic between brands and consumers that is already transforming how business is done in almost every industry. New business dynamics instigated by social networking and now extending to location-based services, augmented reality, smart phones apps, social games, virtual goods and emerging gaming commerce are upending traditional business models, destroying monopolies and, as a consequence, radically transforming the business world. Social media empowers consumers to become a powerful voice in how corporations conduct themselves, but it also gives brands a far greater opportunity to connect with their customers and respond to their needs. Leveraged in right way, social media offers a win-win opportunity for both brands and consumers to transform business into the engine we need to build a better world.

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END NOTES

10 ENGAGEMENTdb: Ranking the Top 100 global brands. Prepared by Wetpaint/Altimeter Group, July 2009