

Guy Champniss & Fernando Rodés Vilà

brand valued

How **socially valued brands**
hold the key to a sustainable
future and business success

“Every brand marketer
with more than three years to
retirement should read this”

Matthias Kurwig
Co-Founder and CEO
Green Decisions.

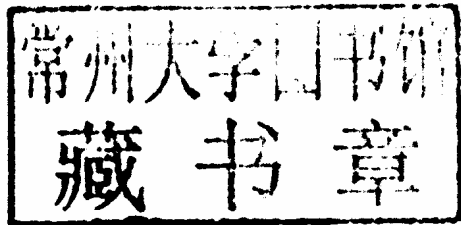


BRAND VALUED

HOW SOCIALLY VALUED BRANDS

HOLD THE KEY TO A SUSTAINABLE FUTURE

AND BUSINESS SUCCESS



GUY CHAMPNISS AND
FERNANDO RODÉS VILÀ

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**To Ness, Frederick and Leafy.
Valued beyond words.
G.C.**

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Guy Champniss
London, March 2011

INTRODUCTION

Brand Valued?

‘Brand Valued? Don’t you mean Brand Value?’

That’s the response we’ve had from a fair few people with whom we’ve shared the title of this book before laying out our arguments.

‘No,’ we say. ‘Brand Valued is exactly what we mean.’

For several years we’ve been watching with growing interest how brands have a growing interest in the nebulous, contradictory but compelling area of sustainability. Yes, we know, probably the last thing we need now is another book with the words brand and sustainability in the title. Not a week seems to go by without another report or book extolling the virtues of connecting with consumers in this emerging, complex and highly ambiguous space, and the subsequent benefits that then stream towards the business. It’s invariably painted as a virtuous circle, where brands lead from the heart, trust is restored and we all inch that little bit closer to what is positioned as a more sustainable lifestyle. It seems sustainability for many represents the mother of all ‘win-wins’.

Our take on this is a little different. Yes, we agree with the enthusiasm and energy with which many of these reports hit the market, and cannot fault the belief that this represents an opportunity for some sort of brand renewal. But we struggle with sustainability. Whilst sustainability is, of course, incredibly important, we don’t believe it’s what brands should be focusing on. For a start, sustainability tends to be abstract, reactive and apologetic. And it focuses, more often than not, on zero: zero emissions, zero impact, zero to

landfill, etc. Admirable though it is in purist terms, aiming for zero is never going to be a compelling platform upon which to build stories for widespread engagement.

But we struggle with sustainability for another, more fundamental, reason. Because we believe sustainability – or rather ‘unsustainability’ – is a symptom of our current situation (albeit a big one) masquerading as the cause. For us – and this is our core argument in this book – the real cause of our woes today is a collapse in social capital. And if we want to find solutions – genuine solutions – then we need to focus on the underlying cause. We need to take a long hard look through the social capital lens. And by the way, we’re talking about solutions not just to the wider sustainability debate, but the very brand-specific sustainability debate – how brands can survive and thrive today.

At first glance, the very term ‘social capital’ can appear like a piece of sleight copy, trying to appease increasingly vocal and empowered critics of unfettered capitalism, by tethering this problem child to a concept usually considered an antidote to raw market mechanics. In doing so, it may look as if the last unsullied aspect of our lives is now beholden to market forces in a final bid to retrieve some sense of legitimacy. That would be grim, and thankfully it’s not the case. Social capital – as a means of describing the strength and inherent value in our societies through qualities such as dialogue, shared thinking and widespread trust – has been around as a term certainly since the mid-1800s, when France’s Alexis de Toqueville toured the US and studied the burgeoning sense of cohesion in new American communities. Quietly and discretely, social capital has been at work since day one, acting both as ‘engine bolts’ in keeping us connected and ‘engine oil’ in removing friction in new connections within our personal, collective and professional lives and networks.

Only now we believe we’ve reached a crisis point, where the bolts have worked loose, or have been overtightened in some cases, and where the oil has become too glutinous or indeed too sheer in others. Social capital has reached a point of such instability and decay that we are collectively pining and striving to re-establish a sense of equilibrium.

When we talk about social capital from the brand perspective (and in all honesty, we think we’re the first to do this), we’re talking about the process by which brands engage in rich, diverse and frequent dialogue with

constituents, the shared thinking and engagement that can spring from that dialogue and the subsequent trust that flows from these interactions: trust between the constituents and the brand, and between the constituents themselves. And whilst some may say this model confirms the way brands already operate, we believe it highlights just how *restrictive and shortsighted* this behaviour has been to date, and how *destructive* it will be going forward. The social capital perspective reveals the complexity and dynamism of how a brand should now interact with all those around it – not just for the brand's benefit, but society's as well. In an increasingly complex environment, the social capital perspective offers the opportunity to apply rigour and theory to what is often reliant solely on intuition.

For us, the link between social capital and sustainability is straightforward and elegant. Where social capital is low – with patchy dialogue, low involvement and little trust – the ability and propensity to externalise costs and marginalise voices is high. Low social capital, then, allows the two most pressing criteria of 'unsustainability' to flourish. Conversely, where social capital is rich and balanced – so plenty of dialogue, swathes of engagement and an abundance of specific and generalised trust – the ability and desire to marginalise 'dissenters' and externalise costs falls away. In short, social capital is the route to sustainability that is more intuitive, engaging and durable. Sustainability that is, dare we say it, more sustainable.

Looking at brands through the social capital lens is crucial for a number of reasons. Firstly, the social capital lens throws into sharp focus how brands have interacted with society up until this point, and what they clearly need to do from this point on. We'll lay out our argument that the proliferation and ever-widening reach of brands go hand in hand with the long inexorable decline in social capital in western Europe and the US. It's a period we call the 'Era of Social Capital Waning': a period when brands have almost hedged against, or shorted, the long-term health of society with low quality and often toxic debt (examples are knowingly unhealthy eating options, disruptive forms of entertainment and, at a higher level, the enduring idea that consumption in itself can bring wellbeing and happiness).

But we're adamant that the Era of Social Capital Waning is now behind us, and that we're witnessing the transition towards what Philip Pullman calls a 'wakefulness' amongst us all. It's what we've chosen to call the 'Era of Social Capital Rising'. And whilst social media may be playing a key part in the

emergence of this Era of Social Capital Rising, this is most certainly something that transcends pure technology. This is something more fundamental. It's changing who we 'are', and it's challenging business and brands to re-evaluate their broader role and purpose too.

The second reason the social capital lens is so important for brands is that we're convinced a commitment to building rich, abundant and balanced social capital is the route to enduring brand value for the firm. In other words, social capital is fast becoming the *technology* of brand value.

Our rationale here is that the principal driver of brand value is brand equity, which, in turn, is dependent on trust in the brand (in fact we'd go as far as to say brand equity *is* trust). On the other side of the equation, we also know that trust – and opportunities to demonstrate trustworthiness – is the crucial outcome of social capital development (after dialogue, shared thinking and engagement). Combining these two, we can see that the most efficient and effective way for the firm to enjoy brand value is for the brand to build abundant and balanced stocks of social capital. In other words, the route to long-term and self-sustaining brand value is via becoming a brand that is enduringly *valued*:



As well as social capital being the most intuitive and efficient way for us to collectively nudge a little closer to a sustainable future and build long-term value, building social capital is also something brands are uniquely qualified to do. As we'll set out, the crucial stepping stones towards higher and more balanced social capital are dependent on key qualities held by many a self-respecting brand. The fit could not be better. Brands have the potential to be excellent engines of social capital.

So it seems we're sailing perilously close to the 'win-win' scenario we were critical of in the opening paragraphs. But whilst nurturing social capital should be well within the grasp of most brands, we do not, for one moment, think the process will be easy or painless. In this emerging Era of Social Capital Rising, the focus has to shift not to brute levels of social capital as a means to increase trust, but to high and *balanced* levels of social capital. As we'll show in detail, social capital comes in many flavours, and brands have

really only shown an ability, to date, to get behind one type, much to our, and ultimately their, detriment. The route to deep and lasting trust is now far more complex and dynamic, and we're betting these early years of the Era of Social Capital Rising will witness many a brand's demise, through not making the grade in terms of being valued.

To reiterate, it's our core thesis that durable brand value relies on becoming a brand that is valued. And becoming the latter through building rich, vibrant and balanced stocks of social capital ensures the brand is enduringly salient, timely and authentic for its myriad constituents. It's time for the brand to move beyond being a shrill cheerleader for corporate CSR efforts, and become instead a trusted ambassador for social capital.

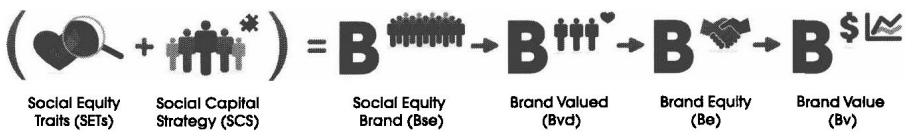
In terms of layout, the first part of this book is descriptive: descriptive in that we've charted the rise of brands from the social capital perspective. What really caught our attention with this exercise was just how complex – how compromised – the relationship has been between brands and balanced, healthy stocks of social capital. Drawing on consumer, social and cognitive psychology, along with sociology, behavioural economics and long-standing brand strategy approaches, we think it's fair to say that the route brands have taken to today has been rocky and, at times, ugly. But, ever the optimists, we believe there's a lot we can learn from the journey so far in terms of where we go from here.

This takes us to the second part of the book, which is unashamedly prescriptive in mapping out what we think a brand needs to become in this Era of Social Capital Rising. In these chapters we'll detail our approach to building a brand that is truly valued. Drawing on research on more than 120 brands across nine markets, and conversations with more than 25 000 consumers, we'll present what we believe is a brand archetype in this new era. We call this brand a 'Social Equity Brand' in recognition of the way it approaches and engages with society. More specifically, we've identified what we believe is the anatomy of a Social Equity Brand: ten Social Equity Traits (SETs) that determine the personality, vision and outlook of this new breed of brand.

From there, we set out our thoughts on how to leverage these SETs and position the Social Equity Brand in order to create a brand that is genuinely and enduringly valued by all who experience it. We call this brand management strategy a 'Social Capital Strategy' (SCS).

Placing it within the panoply of existing approaches to brand strategy, our Social Capital Strategy is predicated on five commitments (the ‘5Is’): Interconnectedness, Inclusiveness, Ignition, Interest and Imagination. Again, we offer a detailed breakdown of each, and how they individually and collectively support the creation and maintenance of rich and balanced social capital. We believe the Social Capital Strategy approach to strategic brand management represents a key contribution to – and extension of – the wealth of theories on how best to build and maintain a brand.

With these prescriptive components in place, we can extend our earlier expression of how we believe brand value will be derived from a Social Equity Brand (B_{se}) in this Era of Social Capital Rising:



Finally, we tackle the thorny issue of measurement: of understanding how the brand is contributing to social capital stocks, and how the brand is benefiting from being credited with those long-term, authentic and intrinsically motivated investments.

Actually, that’s not the final part. The final part – Part V – is currently empty, bar a few opening remarks. This is the part of the book that we would like to invite you to write. It’s the part of the book for agreements, challenges, reflections and case studies from anyone who’d like to engage in the conversation, hopefully making this a living discussion rather than a traditional closed book. Within and around the communications and marketing industries, it’s our way to start building some social capital around the concept of social capital. We’ve placed a few fledgling case studies to kick off the dialogue at www.brandvalued.com, and you can contribute directly. We hope you will.

To sum up, exploring and understanding brands – their creation and management – through the social capital lens throws into sharp focus the complexities and opportunities facing brands today. Complexities and opportunities shaped by more diverse audiences and their demands for the crucial outcome and feedback loop of social capital, and the core tenet of the brand: trust.

Despite some early detours, we’re profoundly pro-brand. We have no doubt in their ability to become pivotal sources of value for the business,

through supporting and enabling all those who experience the brand to explore, understand, shape and share approaches to the myriad challenges and opportunities that lie ahead.

The social capital lens reveals the uniqueness and vulnerability of the brand in this Era of Social Capital Rising. In this new era, the brand that is truly valued – the Social Equity Brand – does not treat society as its most important customer to be targeted. Instead it recognises society as its principal *supplier*, to be protected and nurtured for the long term.

We firmly believe that an unswerving commitment to social capital is the route to more lasting and engaging solutions to our collective sustainability challenges, the route to creating a brand that is appreciated, respected and welcomed within the increasingly rich and dynamic networks that swirl around it, and the route to long-lasting brand value for the firm.

So, you see, it's not a typo. We do mean Brand Valued.

Our arguments for the importance of being valued

1. When business and brands talk about sustainability, what they're really addressing is nothing more than a symptom of our current condition (albeit a major one). To really get to the heart of the issue – to really start creating innovative, durable and valuable solutions to the myriad issues we face – we must focus instead on the root cause: the undermining of social capital. We define social capital in the context of business and brands as:

‘The quality, depth, breadth and frequency of brand-inspired dialogue, exchange and interaction that occur within a community. It is the benefits – both private (to the brand) and public (to the community) – that are generated as a result. And it is the resultant collective ability to maintain and enhance these processes and benefits.’

2. The link between balanced social capital and sustainability has always been there: when social capital is high and balanced, so the propensity to marginalise voices and externalise costs diminishes (through higher awareness, greater collaboration and increased innovation). When social

capital is low, however, it becomes all too easy to squeeze out ‘dissenters’ and offload costs in order to meet the demands of narrower and more exclusive audiences. In short, social capital drives sustainability.

3. For more than half a century and the best part of a generation – and since the arrival of brands en masse – we’ve been chipping away at the levels of social capital, to the point that our current stocks are chronically low and perilously out of balance. We may not know it, but we’ve been in a prolonged period we’ve labelled the Era of Social Capital Waning.
4. With dialogue and trust as central tenets of both, brands and social capital are intricately wrapped around each other, which is good news and bad. It’s bad, in that historically brands have always been obsessed with building one form of short-term social capital – bonding capital. Bonding capital can only exist in tight-knit, homogenous relationships, and left to its own devices (without the balancing effect of other forms of capital), bonding capital becomes intoxicating. This is the cutthroat – and increasingly redundant – world of bare-knuckle brand competition for consumer loyalty – striving to create bonding capital at all costs.
5. We are now entering a new period, one where the pendulum has begun to swing the other way, where the value placed on exclusivity is diminishing, and the value in connectivity and inclusion is rising. With an awakening desire to restock and rebalance levels of social capital, it’s a period we call the Era of Social Capital Rising.
6. In this new era, brands need to reinvent themselves and renew their purpose if they want to have a constructive, pivotal role (which we believe they should). Today, brands delight in cajoling us into ‘maximising’ our decisions around ‘sustainability’, blasting us with intricate facts and exhaustive data in the name of full-frontal transparency. We’re forced to stare blankly at the myriad trade-offs and opportunity costs around more sustainable options, with the result being we blink, swallow and look elsewhere to make our purchase decisions less stressful. Despite pledging their unswerving commitment to the cause, most brands’ behaviour when it comes to sustainability could not be less sustainable.
7. Brands that will thrive in this Era of Social Capital Rising will be brands that turn their backs on the traditional practice of offering society short-term, crippling debt wrapped up as the next best offer or exclusivity.

Instead they will genuinely invest in society, with long-term equity contributions via collaborative, constructive experiences that drive rich dialogue, deep thinking and widespread trust. These are what we call Social Equity Brands: brands that invest *with* society instead of hedging *against* it; brands that are not tolerated by society, but truly valued.

8. Social Equity Brands are identifiable by a series of traits – what we call Social Equity Traits (SETs). We’ve mapped ten of them into the process, and they include: Celebrating emotion; Exploring the citizen; Striving for ‘assessability’; and Understanding ‘value-in-use’. As a thread that runs through many of these SETs, this new breed of brand understands that rich social capital doesn’t demand 24/7 full-frontal transparency. Transparency simply removes secrets, yet trust – the crucial endgame of social capital and tenet of brand equity – evaporates not with secrets, but with *deception*. As such, Social Equity Brands recognise not to predicate their efforts on total transparency, but on the permanent eradication of acts of deceit.
9. In order to leverage these traits, Social Equity Brands must embark on a brand-building strategy that places the development of social capital at its core. It’s what we call a Social Capital Strategy. A Social Capital Strategy is predicated on what we’ve labelled the ‘5Is’: Interconnectedness, Inclusiveness, Ignition, Interest and Imagination.
10. In this new Era of Social Capital Rising, to create long-term value for the business, irrespective of sector or market, the brand has to be genuinely valued. In this new era, it is not enough to ask ourselves; ‘What is our brand value?’ . . . Instead, we have to begin by asking ‘Is our brand valued?’

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