



ISBM / BMA / ZIBS Business Marketing Brand Consortium

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Summary Insights From Presentations

“How Internal Marketing Will Impact The Future Of The Brand”

Don Schultz, President, Agora, Inc., Professor of Integrated Marketing Communications, Medill School of Journalism, Northwestern University

“Internal Branding” is largely an unexplored frontier; there is virtually no literature on the subject. We talk about the lifetime value of customers, but what is the lifetime value of an employee?

Schultz summarized preliminary results of a Northwestern study regarding the impact of employees on the success or failure of corporate branding initiatives. The study has produced four new marketing management concepts:

1. New Marketplace Calculus
2. New Internal Marketing Calculus
3. New Audience Calculus
4. New Integrated Internal Marketing (IIM) Process Calculus

The new “Marketplace Calculus” is actually a “brand experience” calculus, which is the only sustainable, competitive advantage for any company. And employees, as “brand experience deliverers” are essential in this process. Internal marketing programs are needed to generate employee support for branding programs.

“Internal Marketing” programs should not be simply motivational programs. Behavioral changes are needed, and this requires policy changes, new compensation plans, new employee evaluation systems, and measurement of key metrics that management has deemed significant.

The “New Audience” calculus involves eliminating or minimizing departmental silo interference by identifying “audience leaders” within departments who can influence behavioral change. The process described by Schultz starts with the customer, traces cash flows back into the company, and determines departmental influence (value-added activities or the lack thereof) on each of these cash flows.

The “Integrated Internal Marketing” calculus is broken into five steps:

1. Customer identification of internal marketing issues
2. Relating employee behavior to customer issues
3. Valuing financial changes in employee behavior
4. Developing appropriate internal marketing programs
5. Implementing program evaluation results and recycling

“Repositioning AT&T From The Inside Out”

***Dawn M. DiMartino, Director, Brand & Business Communications
AT&T***

AT&T has experienced considerable brand erosion over the past decade in terms of brand stature and brand strength. Overcapacity in the telecommunications industry, intense price competition, regulatory action favoring local phone service providers (at the expense of long distance providers), and consumer/business customer behavioral changes influenced by new technologies like e-mail, wireless phones and VOIP have resulted in the “perfect storm” of disruption for AT&T.

AT&T has compounded the problem with a proliferation of slogans and advertising approaches that have confused customers about who the company is and where it is headed.

In 2003, the AT&T brand proposition (“we are a leading network integrator”) was not credible to employees or target customers. Even though AT&T had the technical ability and expertise to deliver on that promise, customers and employees didn’t buy it.

So, the branding team took a step back and prepared a 3-tiered message architecture:

1. *Declare Position* – AT&T is leading fundamental change in business networks that will make networks a better place for business to be done.
2. *Demonstrate Business Value* – AT&T is creating a more flexible internet-based network that ensures timely, wide-ranging, secure access to your critical business applications. AT&T gives you more control over your network. AT&T is developing a network that “thinks for itself.”
3. *Deliver Products & Solutions* – Provide networking leadership with business continuity, hosting, IP and access services and VoiceTone. Provide customer leadership with “Concept of One,” customer support, ABN and provisioning. Provide technology leadership with iGems, ultravailable services and optical networking.

The theme line that was introduced to support this new initiative was “AT&T: The World’s Networking Company.” Broadcast and print ads urged customers to consider if their network could do what AT&T was capable of helping them do. In 2004, media spending jumped to \$100 million from only \$16 million the year before.

AT&T recognized that getting employees onboard and feeling proud again was a huge objective, so considerable effort was directed to helping them understand and accept the

branding messages. In addition to meetings, wall-mounted posters and elevator updates, an extensive employee communications website now has over 11,000 unique visitors daily and a streaming video network is connected to 400 AT&T facilities. From 15 webcasts in 2003 to 25 in 2004 and 12 already in the first quarter of 2005, the video messaging is rapidly increasing. A recent survey indicated that 78% of employees knew of the video network and had watched at least one program during the past month.

“Inward Marketing: An Imperative For B-to-B Marketers”

Robert Lauterborn, Professor of Advertising, University of North Carolina

Lauterborn defined Inward Marketing as “an integrated marketing communication program designed to ensure that all of a company’s employees are aware of a particular effort, can articulate the customer value proposition(s), and understands how he or she *personally* can contribute to the effort’s success, and is committed to doing his or her part enthusiastically.”

He gave several examples of customer value propositions:

If the price is equal, certain customers will buy our products rather than competitive products because they value _____.

If the price is equal, certain specific customers will pay a *premium* for our products because they value _____.

The first step in installing a b-to-b integrated inward marketing program is to examine the effects of employee behavior on customer satisfaction, and customer perceptions of the brand.

Lauterborn described three ways that people experience a brand:

Functionally – What does it help him or her do?

Emotionally – How does it make him or her feel?

Self-expressively – What does it help him or her to become?

The second step is to identify “brand contacts,” i.e. ways that customers and other external stakeholders come in contact with the brand. He suggested that employees often have different brand contact experiences than external targets.

The third step is to explore how to set Inward Marketing objectives and measure success.

Lauterborn stressed the importance of moving employees up a “hierarchy of employee participation” from *Uncommitted* to *Lip Service* to *Full Buy-in* and ultimately to *Leadership* positions where they encourage behavioral changes in others.

He closed with seven factors for successful Inward Marketing:

- Visible commitment at all levels
- Single-minded communication

- Specific, measurable, attainable goals
- Frequent feedback
- Team-based recognition of achievement
- Open circuits
- Repetition and patience

“Internal Marketing Case Studies: VW, U.S. Trust, Brotherhood Mutual”
Cathy Schannen, Vice President, LaBov & Beyond, Inc.

Brotherhood Mutual

Brotherhood Mutual sells insurance for churches and ministries. They were seeking to differentiate themselves in an increasingly competitive market.

Step One was a brand assessment, which involved vendor interviews, internal interviews with management and non-management employees, assessments of dealers and agents, customer interviews, an assessment of the competitive environment and public perception of insurance companies.

Brotherhood thought they were innovative. Customers didn't see it that way. They did, however, appreciate the care and intimate attention they received from the company. For many Brotherhood employees, the work was more than just a job. They were “ministering to the ministers.”

From this finding, a brand promise was developed “Delivering our best every day with empathy and passion for ministry, because we understand why.” The brand message was “We understand why.”

LaBov introduced the re-branding program with a series of “Why Workshops” explaining the new brand strategy to management groups, employees and agents. Key drivers of customer satisfaction were discussed and the value of a loyal customer was calculated.

A “Branded Lobby Event” was staged to kick off the program for employees and key agents. A “Meeting-in-a-box” program was created to send the message out to other agents. This included an interactive CD-ROM, posters of ads and the new image brochure.

RESULTS: 7 internal branding launch workshops conducted, engaging over 250 employees and 40 top agents on-site, plus 120 additional agents via meeting-in-a-box.

Volkswagen

Volkswagen had been in a slump, with sales dropping from 330,000 units to 270,000 in 2003. However, the company was gearing for a turnaround with 9 new models to be

introduced in the next 18 months. The company wanted to re-energize employees and get them re-connected with customers.

A state-of-the-company presentation was arranged, with satellite broadcasts to 1,200 employees across North America. An all-new Jetta was the star of the program. More than 5,000 posters were distributed, copies of an “elevator” speech were handed out, and employees were shown the new TV ads. A “desk drop” was made to employees at all 312 corporate locations with a tin container of VW drink coasters.

All this was taking place during the traditional Christmas holiday “void” so, to boost spirits, employees received a holiday e-card showing Santa trading in his sleigh for a new Jetta. They also received a special screen saver counting down the days until the debut of the new cars.

“Win Walls” were established at each location to showcase favorable press articles, e-mails from customers, and comments from employees.

A drawing was held to award 25 lucky employees 1-year rent-free use of new Jettas. To be eligible, employees had to complete a web-based learning program about the new models.

RESULTS: 90-day program engaged over 2,500 employees at 270 dealerships, with 2,000 employees and prospects taking the test drive opportunity. New cars sold: 250 before market introduction.

U.S. Trust

U.S. Trust is the oldest private bank and wealth management institution in the U.S. serving high net-worth clientele. When the company was acquired by Charles Schwab, it started to have identity problems.

After a brand assessment, a new branding theme, “Orchestrating Possibilities” was developed. The objective was to move U.S. Trust customer contact people from “asset manager” to “investment counselor.”

Screen savers were distributed with “The possibilities are endless. Don’t just imagine them, Orchestrate Them.”

Nineteen half-day workshops were held in 10 locations. Findings of the brand assessment study were discussed, a video showing customers talking about what they wanted from U.S. Trust was shown and the new brand strategy was explained. Brand champions were selected for each company location to conduct additional workshops.

An interactive CD-ROM using the theme “Best Day” was produced for additional employee training. What stops us from making every day a “Best Day”? Employees who had been through the training were asked to make presentations to management.

RESULTS: New branding theme was introduced in 19 workshops involving more than 350 employees.

The LaBov & Beyond Engagement Litmus Test

1. Did you address your “Invisible Elephants” to “Avoid The Void”?
2. Did you ask MORE of people? You have to give to be engaged.
3. Did you educate, motivate and celebrate?
4. Did you get to the heart—did you connect with the customer?
5. Was it unique, remarkable and extraordinary?
6. Does it connect, embrace and leverage your business strategy, your brand and your dealer/distributor network?

Invisible Elephants: If there are issues which are there, but not discussed and dealt with openly, employees will fill the in the blanks on their own – often with rumor or hearsay. This is very destructive for an internal branding program.

“Measuring Momentum: Metrics For Quantifying Internal Branding Efforts.” ***Karen J. Jansen, Assistant Professor, Penn State University***

Jansen talked about the importance of “momentum” in internal branding to create excitement and bring people together in pursuit of a common goal. She defined two types of momentum:

Stasis-based momentum: energy associated with persisting with or extending a prior course of action

Change-based momentum: energy associated with pursuit of a new trajectory.

Jansen provided a 4-step “Roadmap for Internal Branding”

1. Create initial energy and enthusiasm
2. Sustain and/or build momentum over time
3. Measure and monitor the energy level
4. Make mid-course corrections

Jansen emphasized using both “top-down” and “bottom-up” strategies to achieve internal branding success. Top-down strategies would include executive sponsorship of the branding initiative, giving it maximum visibility and a sense of urgency. Bottom-up strategies include identifying influence leaders who can win over other employees to gain a critical mass of internal support. It’s also important to take visible actions that demonstrate to employees that the program is real and significant to their success.

Jansen pointed out that branding initiatives are often launched with great fanfare and effort, only to be forgotten six months later. She urged marketers to look for loss of momentum and plan secondary events to inject new excitement in the program.

Demonstrating “small wins” is often a way to show the program is working and gain new converts.

Jenson recommended continuous measurement of progress, focusing on *changes* in momentum rather than absolute levels. She introduced the concept of “hand-drawn” momentum maps, wherein individual employees show their personal interpretation of the program’s momentum over time (relative to key events). When combined, the maps are generally consistent from employee to employee, and help to predict satisfaction and commitment among employee groups.

“B2B Brand Research: Challenges and Opportunities”

Raj Srivastava, Goizuetta Chair, e-Commerce & Marketing, Emory University

Liam Fahey, Executive Director, Emotion Mining Company, Inc.

Srivastava described the focus of Emory’s Zyman Institute of Brand Science (ZIBS), which is to demonstrate through research that brands are the primary unifying force in guiding go-to-market strategies and driving overall company value. This includes such issues as: pricing, customer management, channel management, spending effectiveness, supply chain management and branding communications.

Key B2B Brand Research Issues:

- Impact of brands on financial performance and shareholder value
- Justification of marketing investments (customer acquisition and retention; brand development)
- Ability of brands to withstand price competition – when are brands (not) able to help develop sustainable competitive advantages (positioning against distributor brands)
- Internal marketing – How to align brand promise with internal operations, processes and business models
- Best (and worst) practices in co-branding, ingredient branding and solutions branding
- How to leverage your brand – time to market acceptance (versus time to market); reducing risk (lower vulnerability and volatility of profits)
- What does your brand mean to your customers (experiences and emotions)?

In the short-term, strong brands improve market share and deliver sales margin premiums with incremental cash flow. They can also be leveraged to negotiate lower distribution margins. Brand equity can be utilized to deliver price premiums or market share gains, based on the competitive situation and company objectives.

In the longer term, however, the advantages of strong brands are even greater. Price/share premiums are still likely, with greater elasticity of advertising and promotional program effectiveness. Strong brands mean faster market acceptance of new products and lower risks, as well as lower distribution costs, lower tactical marketing costs, and lower costs in defending brand positions.

Emotion Mining

Fahey emphasized the importance of understanding emotional responses to brands in order to better manage branding programs. He divided emotional responses into tangible and intangible categories:

Intangible	“I am not aware of it, but I can recognize it (subconscious) “I sense it, but I can’t express it” (subconscious)
Tangible	“I think it, but I don’t say it” (conscious) “Top of mind” (conscious)

Fahey says the key to marketing success is to build “emotional bridges” by establishing closer alignment between customer needs and their experiences with your company and its products. At the center of this equation is PASSION, that connects customer behaviors with product or service offerings.

Fahey demonstrated a developmental “sonagram” that plots the depth of conscious and subconscious feelings toward a brand. External expressions are indicated on the right side, internal on the left. Positive emotions are on the top half, negative on the bottom. The approach creates a “radar screen” diagram of a customer’s emotional feelings about a brand (at-a-glance).

One of the potential uses is to study differences in ways that customers react to competitive brands so that brand positions and branding communications can be more highly focused.

“Roundtable Discussion: Key Issues In Internal And External Branding”

Internal Branding

- How can we translate the “brand promise” into behaviors that employees can own?
- We’re looking for ways to measure how well employees “live the brand.” How do you do that?
- We’re interested in ways to prepare the internal culture for branding programs. Where can we find good case studies?
- Are there any best practices for sharing branding program direction from Corporate HQ with divisions or regional offices?
- How can we overcome politics and other resistance to generate a passionate support for the brand strategy?

- How can we get senior management to reach consensus on the brand promise, and then follow through on it?
- How can we get high level brand champions who will become “treaty makers”?
- Our branding budgets are controlled by the business units. How much “control” should corporate have over the use of those dollars?
- It’s very important to start with customer and employee research. (You need data to formulate a branding strategy.) What’s the best way to get it?
- How can you manage internal branding programs for alliances, when you have two very different sponsoring companies?
- What will be the impact of Sarbanes-Oxley on internal branding programs?
- How can we measure the value of internal branding? Metrics?

External Branding

- How can you manage global brand images across many countries and cultures?
- How is the best way to manage brand equity in a portfolio with multiple brands?
- How much connection should you have between marketing strategy and branding strategy?
- How can brands be built faster? (In today’s market, you can’t wait 3-5 years.)
- We have B2B brands and B2C brands, established brands and brands in transition. How can we develop an integrated branding program that really says who we are?
- Our customers know us by our product brands (not corporate). How can we leverage that? (And what happens when we get sold again?)
- Should we concentrate more on “ingredient branding” versus corporate or product line branding?
- Several of our distributors are developing their own branding programs and de-emphasizing supplier brands. Should we consider ingredient branding?
- Acquisitions mean new revenue streams. How can we maximize income from acquired brands while resisting the temptation to replace it with our brand?
- What can you do when the corporate brand has been tainted by bankruptcy? Are the messages different for customers and employees?

- How can we estimate the value/impact of “legacy” brands on new branding programs?
- Our new cross-selling initiative is making people understand the importance of consistent branding? Does anyone have similar experiences?
- How can we avoid getting bored with branding initiatives before outside audiences are even aware of them?
- Where can we find appropriate metrics and methodologies for valuing the brand?
- Has anyone developed a good “branding scorecard” for CMO accountability?

New topics/issues to be considered for future meetings

Dealing with multiple brands:

- Portfolio management
- Equity management
- Integration after mergers and acquisitions
- Optimizing assets

Brand versus product – building understanding inside a firm

The role of ingredients and ingredient brands – strategy for defining, delivering and harvesting value

Developing strategies for brands in trouble (before and after)

Organizing for synergy: how much central control vs. decentralized control?

Connections between marketing and strategy, and between branding and strategy.

Brands driving growth – strategies for success.

Brands in personnel evaluations – how does branding tie into how people are evaluated, motivated and compensated?

The use of blogs in building cult brands