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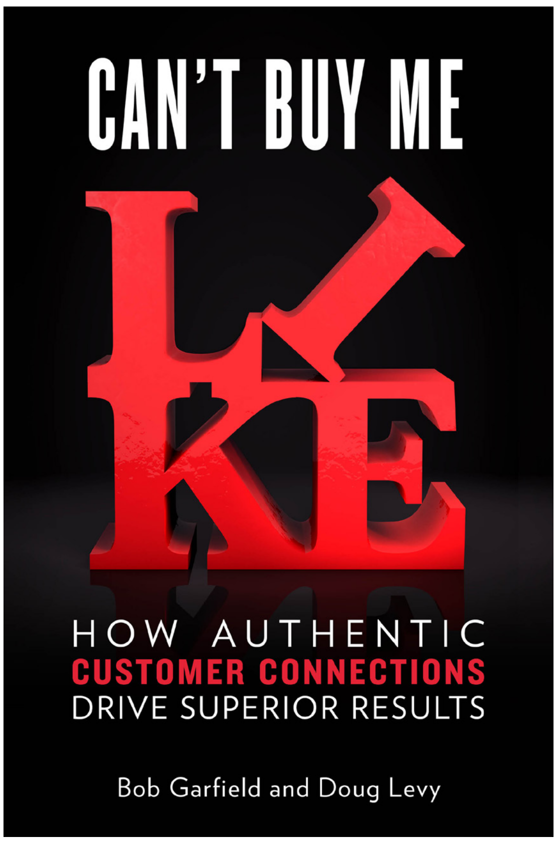

Can't Buy Me Like

HOW AUTHENTIC CUSTOMER CONNECTIONS DRIVE SUPERIOR RESULTS

Bob Garfield and Doug Levy

As Lennon and McCartney wrote a half century ago, money can't buy you love. But in today's world, where people have become desensitized—even disillusioned—by ad campaigns and marketing slogans, that maxim needs an update: Money can't even buy you like.

That's because we've entered the "Relationship Era," where the only path for businesses seeking long-term success is to create authentic customer relationships. Not through hip social media promotions, viral videos or blizzards of micro-targeted online ads. Those tactics, which simply disguise old ways of thinking with new technology, just don't work in the long run.

Learn more about Bob, Doug, and their book:
http://cantbuymelike.com/

Excerpted from *Can't Buy Me Like: How Authentic Customer Connections Drive Superior Results*. Published by Portfolio/Penguin. Copyright Bob Garfield and Doug Levy, 2013. Learn more at **http://cantbuymelike.com/**

The Three Cs of Trust

There is no such thing as a perpetual motion machine, but this gets close. The word of mouth effect creates a virtuous circle of trial, satisfaction, and advocacy—a loyalty loop that functions most efficiently for the most admired brands. That is precisely what makes them sustainable. That is what drives their promotional costs down and their profits up. As we have learned from the piggish car dealer, though, there is trust and there is trust. For the purposes of measuring brand sustainability, MEplusYOU broke the concept down to three progressively complex components. They are as follows:

Credibility

This is a hoary concept in no way unique to the Relationship Era. It's simply the age-old imperative of delivering on promises. In fact, it is the beating heart of national brandedness: the presumption that at a minimum the marketer can be depended upon to meet the terms of the offer. A brand is itself essentially a proxy for that precise element of trust. If Hertz Number 1 Club gets you in and out in a hurry, they've once again maintained credibility. If the M&Ms melt in your hand, and not in your mouth...well, Houston, we have a problem.

Virtually all brands pay attention to credibility. They know they must deliver. But brands often think of credibility as all it takes to build trust, which is silly. Your lunch date could consistently be on time, and that's a whole lot better than getting stood up, but it alone doesn't create a very deep relationship. Your insurance broker will never, ever be late for lunch. This does not make him your friend.

Care

Through the whole of the Product Era and Consumer Era, marketers arguably cared about consumers. Indeed the essence of marketing was to divine the needs and desires of the target audience, then to fulfill them. But there are two problems with the term target audience: (1) "target" and (2) "audience." A target is a thing that is shot at, and an audience passively listens. Neither concept has a role in the Relationship Era. One of the hallmarks of Relationship Era thinking is the end of the adversarial "us" and "them" mentality, with consumers, vendors or anyone else. Caring about consumers means actually caring about their lives and constructing your business to be as helpful as you can. And it means that, no less than the marketer, the buyer in every transaction should have succeeded.

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The Three Cs of Trust

Congruency

If the green movement, animal rights, Wikileaks, organic food and Occupy Wall Street tell us anything, it is that the public has more information about corporate activities than ever before and an ever deeper interest in how big institutions behave. (Shortly, we shall see how crucial reputation is to share price itself.) But it is not just conduct to which the public is attuned. People are increasingly reading the body language of corporations in search of the intangibles: beliefs, values, and purpose. This demand for congruent values is the most difficult to measure, but also the most defining aspect of the Relationship Era. It is why the Edelman Trust Barometer has so changed over only three years. It is why individuals do not simply consume a brand but join it. It can also be why individuals resign their memberships. As we shall see, prospering in the Relationship Era hinges largely on how well you find common cause with individuals on the same wavelength.

Adding to the mounting evidence for the primacy of trust—and its catalytic role in the word of mouth ecosystem—was a 2011 study of content sharing, underwritten by the marketing department of *The New York Times.* It drew two central conclusions about how to become part of the conversation:

1. Appeal to consumers' motivation to connect with each other—not just with your brand.
2. Trust is the cost of entry for getting shared.

Brand Power

Meantime, the value of relationship building can be demonstrated in other ways, too. For example, the marketing consultancy CoreBrand employs tracking studies of one thousand companies dating back more than twenty years to correlate brand reputation with asset value in a formulation it calls Brand Power.

Brand Power is ascertained by measuring "familiarity" and "favorability" via 10,000 phone surveys per year with VP-level managers and those higher up at Fortune 1000 companies. Thirteen respondents are asked to rate other public companies based on investment potential, perceptions of management and, crucially, overall reputation. The scores are indexed for comparison on a 0 to 100 scale. In 2011, for instance, the average Brand Power value was 24. Apple was 74. GlaxoSmithKline—doing business among its own missteps in the scandal-plagued and widely loathed pharma category—was 17. Johnson & Johnson, despite a series of scandals, still scored a 75 but notably had squandered considerable reputation capital. In 2008, its Brand Power value was 84.

What does Brand Power mean, in dollars and cents? By overlaying financial performance metrics and brand communications expenditures you can derive the brand's value. Were you to divide the components of a company's stock performance, most of the pie would be wedges representing fundamentals: cash flow, profit, market share, dividend, price trajectory, cash on hand, plant and equipment and so on. But one wedge is attributable to unknown intangibles. Using regression analysis—assigning weights to the many variables affecting share price in thousands upon thousands of permutations—CoreBrand's statistical model deduces the size of the wedge attributable to brand equity. Brand Power is the reflection of the amount of brand equity relative to the company's overall market capitalization. In any given year, on average for the 800 companies studied, brand equity amounts to 5 to 7 percent of total equity value. For the strongest corporate brands, the wedge is worth 21 percent. In the fourth quarter of 2011, Apple's was 16 percent. Textron, the defense contractor that notoriously manufactures cluster bombs, rated 3 percent.

Perhaps the most poignant illustration of reputational power is the effect on Brand Power for a company in crisis. When Texaco was found to have engaged in widespread racial discrimination in the workplace, the $176 million in legal judgments was a negligible drain on cash resources, but the negative publicity yielded plummeting brand favorability metrics and a corresponding pressure on stock price. It was five years before the favorability ratings and Wall Street equilibrium were restored. When Firestone tires were alleged to trigger rollovers in Ford SUVs, Firestone parent Bridgestone went into a reputational slump that lasted a decade.

CoreBrand historically has advised clients to influence the power of its corporate brand via the substance and sum of its advertising. However, troughs in reputation scores are typically tied to internal and external events—which means that corporate conduct directly affects stock price. It also suggests that enlightened, purpose-driven companies will be rewarded on Wall Street. (It also suggests that companies such as Procter & Gamble, which subordinate the corporate brand to their product brands, are leaving some share value on the table.)

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Brand Power

What Brand Power, the Trust Barometer, ***The New York Times*** survey and especially the Brand Sustainability Map demonstrate is that trust is an indispensable asset in the Relationship Era. The rest of this book is devoted to demonstrating how to earn it. Let's begin, though, by explaining how not to:

1. **Don't bother with window dressing.** So many brands attempt to buy respect points—for instance, by linking themselves to unassailable causes, such as sick kids, as part of a promotion or a long-term "cause-marketing" strategy. This behavior is cynical and often sordid, exploiting other people's tragedy to purchase borrowed interest…not very different from 7-Eleven licensing Iron Man for a Slurpee co-promotion. As Jeremy Heimans, CEO of the agency called Purpose, says, "The typical cause marketing is often very peripheral to the core business, very thin or very hollow: 'one dollar from every purchase goes to the Save the Rainforest fund.' It's one step beyond 'We donate to the opera.'"

2. **Don't pay lip service to CSR—corporate social responsibility—to inoculate yourself against charges of venality, environmental rape, off shore jobs, whatever.** This is generally little more than PR gloss, a toothless "policy" to slap onto the annual report and forget about thereafter. All of which is both cynical and futile. Trust is an asset, not a commodity. It cannot be purchased. It must be earned.

3. **Don't be like that venal car dealer, securing your trust only to immediately abuse it.** So many marketers dangle one foot in the 21st century while putting all their weight on the other foot, firmly planted on top of the hard-sell's grave. Oh, they imagine themselves as modern practitioners making substantial investments of time and personnel in social media—whereupon they promptly squander the unprecedented potential of the online feedback loop by conducting themselves as aloofly in social media as they always have in paid media. Here is how one struggling fast-food chain has chosen to honor the individuals who honor the brand by following it on Twitter:

   > *KFC Colonel Everything's better with #bacon! Try a #KFC Cheesy Bacon Bowl for just $3.99 + tax. (Limited time at participating U. S. KFCs)*

   "You are our fan," KFC seems to be saying. "You are a member of our club! You are our friend! So, friend, we'll interrupt you as we always have with a sales pitch!" It's like being invited to another couple's house for dinner only to realize, over dessert, that you've been suckered into an Amway solicitation. Ugh. Cross them off the Christmas card list.

4. **Don't be a scoundrel.** Duh. Don't dump tons of toxic waste in the Hudson River. Don't dump tons of toxic assets in an off shore subsidiary. Don't hire child labor. Don't bribe officials of foreign governments. Don't bribe officials of domestic governments. Don't rely on fine print. Don't fly in on a private jet from your Palm Beach winter home to close down a plant. Don't cheat people out of their life savings. Don't get children addicted to carcinogens. Don't infringe on patents. Don't strong-arm retailers. Don't fix prices. Don't bully competitors. Don't evade taxes. Don't plunder the pension fund. Don't let your contractors and suppliers do anything you shouldn't do. Don't lie about your products. Don't lie about your financials. Don't lie about anything.