

It Pays To Be Generous

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We have identified a loose family of brands we call *Generous Brands* that share commonalities of attitude, behaviour and communication. By “generous” we mean brands are prepared to make gestures that are not *just* commercially motivated but empathise with consumers: These brands show their heartbeat.

The evident success of these brands indicates that they have tapped into a rich vein amongst consumers. They are creating relationships with consumers based on affection which results in loyalty between them and their consumers. The study of these brands provides clues as to how a brand might deepen and broaden its relationship with consumers.

It is also a notable fact, as this paper illustrates, that brands that are leading the way in this trend are retail brands. The interesting take out for us working in the world of brand design is how this can shine a light on the future of not only how retail brands will be successful in the future but brands in general.

| This paper:

1. Looks at the observations which led to *Generous Brands* hypothesis
2. Describes the current collective consumer mindset which has led to these brands having particular resonance by looking at some ad hoc quantitative research we conducted
3. Articulates the implications for the process of branding and what it might mean for the future of retail brands

The hypothesis of Generous Brands

We noticed that there are some brands that have stand out because of their distinctive style of behaviour and communication. What linked these brands was a ‘generous’ attitude.

This “generosity” does not describe simple value propositions such as “3 for 2” or even those brands whose main reason to exist is highly ethical such as The Body Shop or The Co-operative Bank.

Generous is a general attitude. Brands can be generous in different ways – from the tone of their communication, to the experience they provide, to the service they deliver, to the functionality they build into their own products and service propositions. Typically a generous brand is one that shows its heartbeat by acknowledging the emotional and rational requirements of consumers.

On a global level Amazon, for example, provides consumers with the best book reviews you’ll ever read by individuals who have no real commercial interest – other consumers. Added to this they now offer second hand books for sale as well as allowing other traders to compete on their site with the same products at potentially more competitive prices. There is clearly a strong business rationale to this approach but there is also an unmistakable spirit: Consumers connect with its openness and transparency.

Here are some observations on brand activities that go from complex to simple

generous gestures. The Apple Store has installed a seminar space seating up to 75 people and runs free training and software demos every day. The 'genius bar' is a place you can go and get expert advice relating to any problem you might have. Starbucks stores across America, at one point, gave you free Hot Zones offering anyone the opportunity to use their laptops in store, with connection costs picked up by the brand. Currently in some stores in London they package used coffee grains in an attractive way and offer it as free compost "to enrich your soil and garden" and provide "nutrients for your acid-loving plants".

In their UK bookshops, Waterstones shows their generous communal spirit by telling you as soon as you walk through the door what each member of staff is reading thereby engendering a real sense of connection between consumer and staff. Oddbins shows a similar by staff handwriting individual reviews of all their wine stock.

But this attitude is not exclusive to premium brands. B&Q are employing retired tradespeople to give expert advice to consumers where there is no obvious and immediate revenue return. They are likely and have been known to say: "you should use X, it's better and it's cheaper".

These are just a few examples of a growing trend. As we began to observe this behaviour, the criteria for what we describe as generous started to become clearer.

The principles guiding the behaviour of these brands are:

1. They understand there has to be an attitude of "we will make the first move" without insisting on any kind of transactional, commercial or even moral obligation from consumers.
2. The motives that drive this behaviour are not *just* about self gain.
3. They believe that consumers are on the whole very fair-minded and they understand the principle of give and take.
4. They enjoy interaction with consumers.

The principle that binds these criteria together is that these brands "show their heartbeat": They show their humanity through their understanding of consumers.

Consumers

In order to get a fuller understanding on the dynamics of *Generous Brands*, we identified the underlying attitude of consumers that makes these retail brands relevant. What is the collective consumer mindset to which these brands are responding?

Fitch commissioned quantitative research amongst the UK population looking at specific attitudes that may be responsible for the rise of *Generous Brands*. The research revealed perceptions that show a psychological gauge of where consumers are currently. It also gives a snapshot of the stages that they have been through to get to their current state.

Disillusionment

Consumers have been exposed to some critical events recently that have led them to question the fundamental principles on which many of our social and commercial institutions are based. Recent events have created a collective sense of anxiety. They are disillusioned: Over 62% of the UK population neither trust nor rely on the

institutions they deal with day to day to meet their needs and

Despite the recent and evident efforts of these institutions to appear to be more user/consumer centric in the way they deal with people, there is evidence that this is not having the desired effect: 66% of the UK population do not think that institutions have changed for the better over the past few years.

When we relate this specifically to brands we see that 68% of those we surveyed do not believe brands are genuinely interested in improving the lives of people who use them.

Growing up

Consumers have responded collectively by changing the way they view the world. Against a background of disillusionment along with an acute self-consciousness of their commercial value, consumers are questioning the established principles of authority, trust and honesty. Rather than dismissing them totally they have reinterpreted them for the creation and maintenance of two-way relationships. The characteristics of growing up are as follows:

Maturity - The attitude is characterised by a level of maturity, where responsibility is not deferred but embraced: 61% would rather take an active role in their relationship with these institutions rather than being told what they should do or think

Confidence - With this new found sense of self-reliance comes a sense of communal confidence. More than half believe in the power of the collective to effect social and political change.

Brand acumen - In the world of brands 42% of consumers feel that the best demonstration of honesty amongst institutions and brands is to be transparent in action and motive.

Realistic - We believe that the main driver for this is the realisation that both people and institutions can never act and behave in a *purely* unconditional way. Everybody has their own agenda, their own goals and objectives. It is just a case of understanding clearly what these goals and objectives are.

Getting involved

For those that are sceptical about consumers and their interest in brands, there is a surprise. Consumers want to get involved with brands but not in the same way we have thought about it in the past. While 80% think that it is realistic to have a relationship with a brand, the caveat is that 68% of consumers believe that all good relationships including those with brands are about give and take

Sharing

What is driving people's expectations of brands is the kind of relationships they are having with other members of the community: People believe that the kind of relationships they want are best represented by the relationships they can have with members of their own respective communities. They can easily identify and empathise with common needs amongst individual members of the various communities they are part of, which they don't see in institutions (commercial or not). This is where we see the battle lines being drawn. The agenda is clear for things like Eopinions, Blogging and Freecycling. The collective are flexing their power in order to secure individual and collective value. It can include everything from economic

(letsbuyit.com), to environmental (car pooling) to social and entertainment (book clubs and flash-mobbing). They also have a growing belief in their collective power as it relates to brands: 40% believe that consumers as a group are capable of changing the attitude, communication and behaviour of a brand

Crossing the line

Generous Brands are those that connect with this consumer mindset. The research reveals consumers want brands to be more empathetic to their current state of mind. They value openness in this context: 68% say they trust brands that have “a tell it like it is” mentality. Brands need to allow consumers to know who they really are, not who they are pretending to be: 83% of consumers say brands should more openly acknowledge that marketing is aimed at selling product

Implications

This research shows that consumers have been forced to be more realistic, take responsibility and generally have a more grown up attitude about the world they live in. They have applied this attitude to how they interact and relate to brands. Brands have either implicitly or explicitly understood this and have responded to this changing consumer mindset both strategically and creatively in some very interesting and instructive ways. The result is a stronger relationship with consumers resulting in greater brand permission to do other things for consumers.

The trend towards of *Generous Brands* indicates we are now moving into a new era that challenges the way we have thought about creating relationships between brands and consumers. As we use this thinking in working with brands there are evident challenges:

1. Service and retail brands are leading the way. FMCG and product brands (with some notable exceptions such as Innocent) are less successful in developing the type of brands that we have described in this paper. The perception amongst FMCG and product brand marketers is that they have less control over the brand experience. Commercial constraints are greater than retail and service brands. They feel handicapped because they feel they have less freedom to create a generous attitude.
2. Brands with heritage also find it difficult to understand how they can be generous usually citing legacy structures and processes as well as residual brand perceptions. But there are brands that have managed to overcome these handicaps. Selfridges have attained generous status by continually providing interesting exhibitions and experiences to delight their consumers. Virgin, a brand that has been around for over 30 years continues to show its heartbeat through empathy with consumers.

This conceptual framework is a new way of thinking: It forces us all to re-evaluate the conventional ways we have thought about branding. There are some basic principles that inform the *Generous* branding process:

1. Consumers need to be viewed as active, autonomous and mature entities who are happy to enter into a relationship as long as the terms and conditions are transparent and evident. They are not passive receptors who require manipulation.
2. No matter how counter-intuitive it seems, brands need to be open and

transparent about who they are and what they are selling.

3. Consumers want to be included: the inclusiveness nature of a brand will create welcome opportunities for consumers to feel part of helping to build a brand 59% of those we surveyed said they are happy to give advice opinions and ideas in order to improve a brand.
4. We emphasise continuity of brand identity not consistency. We have started to think of brands as organic living entities which both interact and react to the environment and the people around them. This emphasises the humanity of the brand .

The good news for retail as well as all brands is that it is not about formulating and creating expensive ways of “wowing” consumers. On the contrary, in a world of mature consumerism, it is usually the small, uncontrived gestures that have most impact. Gestures that are a reflection of good old-fashioned shop-keeping principles; good sound retail practise, knowing your customers and having a friendly chat with them, being flexible and willing to respond to circumstances as they arise, and occasionally making a gesture as friends do. This is the basis of strong long term relationships. Gestures that show a brand’s heartbeat and credit consumers with the rational and emotional intelligence they have. After all, generosity is a peculiarly human characteristic and when 31% of consumers say that brands they prefer are more than just brands, they become people to whom they can relate, we expect this figure to grow significantly.

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