

# Building Brand Communities

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## A WHITEPAPER by Michael Westcott

How customer communities are transforming the way successful companies build their brands and their business.

Sociologists tell us that human beings are biologically compelled to join communities and to bond with those they share values and beliefs with. Today, there is increasing evidence of the need to develop and cultivate brand communities, that is, the nurturing groups that play an active role in the recommendation and purchase of products and services. When the groundswell created by these groups reaches critical mass and 'tips' (using Malcolm Gladwell's now familiar metaphor), they are able to exponentially increase the long-term value of what we refer to as 'communal brands'.



Sears & Roebuck Company

Building communities actually suggests a return to those days before customers began to 'opt-out' from the profusion of product options and the confusion of mass media. Before the marketing mix filled elevators with commercials and telephones with SMS messages, most brand relationships were cultivated through word of mouth—whether it was the word of a friend, neighbor or trusted local merchant. Notions of loyalty, customer satisfaction and 'one-to-one marketing' were not tethered to a card or mined with a database, they were confirmed with every recurring purchase. Millions of families drove Chevrolet after Chevrolet. The average Sears customer visited the store (or the catalog) once a week (and unlike Wal-Mart, it wasn't only about price). Most neighborhoods had a regular schedule of Tupperware parties. Good Housekeeping was not merely a publication, but the arbiter of quality and taste, much like Martha Stewart's pre-conviction brand, decades later. The word 'customer', after all, is deeply rooted in the idea of the 'customary'.



Neighborhood Hardware Store

In retrospect, it seems obvious that customers expected and got more from these older communal brands than simply selection, or reliability, or the lowest cost. The brands offered a sense of personal commitment ahead of corporate identity. They demonstrated that needs were understood and that product features were based on customer needs, not technological potential. Most importantly, these brands gave the customer a feeling of control within their sphere of influence—that what the customer wanted really mattered...and that the company was simply a steward of the community, committed to its growth. For the most successful marketers, these tenets have not changed, but they have become a means of competitive advantage in a world that forgot to build communities in their frenzy to 'build brands'. It has taken a while, but once again marketers are discovering there's a big difference between building brands through buying influence and taking the time to create a brand community.

### "You can't buy your friends...or your customers."

Buying influence is about many things: gone-in-60-seconds Super Bowl ads, interchangeable event sponsors, forking over slotting allowance ransom money, constant line extensions, obvious ploys for publicity, spamming the inbox, anyone-can-play contests and promotions, and otherwise spending huge portions of the marketing budget in an attempt to sway the uninitiated. Doses of disruptive marketing, designed only to create a quick sales spike, are inevitably short lived, and usually leave everyone with a regrettable hangover. And while these tactics may work for a few quarters they can cut notoriously into margins and potentially leave piles of unsold inventory in their wake. Ask GM how much loyalty their long rebate and zero interest party bought them.

Conversely, building brand communities is about the product, the service, and the experiences that build long term relationships. It's about sponsoring community-centric festivals and events (MacWorld, Camp Jeep), cultivating the endorsements of real world users (Toyota Prius), supporting online communities (Linux), communal architecture (Starbucks), engaging new media (BMW Films), insanely great design and technology (iPod, iTunes), trusted networks (Craig's List, E-harmony), easy access to experts (your local hardware store), suggestions by community members (Amazon), impromptu gatherings (Dean for President meet-ups), community-only promotions (CVS ExpressCare), and using far more creative, and often less expensive, methods to further shared understanding and drive innovation.



A Loyal Chevy Customer

# CASE STUDY: CAMP JEEP

## New York Autoshow

The Camp Jeep customer event has run in various mountain destinations across the US. For the New York International Auto Show (NYIAS), the automaker partnered with The George P. Johnson Company (GPJ) to bring that experience indoors to the Javitz Convention Center.

The program incorporated highly interactive experiences, including the Trail Rated course, live entertainment, interactive games, a kid's zone, and Jeep gear merchandising to create the most exciting indoor experience show goers have ever seen. Course participants were paired with experienced guides as they negotiated steep grades and tackled various off-road challenges, including rocks, water, gravel pits, and a 15-foot mountain.

### The Results: Overwhelming

Camp Jeep New York attracted more than 300,000 attendees throughout the course of the auto show. 47 percent of visitors reported learning more about the products as a result of the event. In addition, 53 percent of visitors said they would be more likely to consider purchasing a Jeep, and thousands of attendees had actually purchased from local dealers within six months.



## Brands are relationships, not collections of marketing tactics.

*“For firms to be successful over time, their focus must switch to maximizing lifetime customer value”*

- Hunter Hastings

According to Hunter Hastings (author of Bridging the Sales & Marketing Divide), brand management still trumps customer management in most large companies. That focus is increasingly incompatible with long-term revenue growth. “For firms to be successful over time, their focus must switch to maximizing lifetime customer value,” says Hastings.

For companies that are building brand communities, the key driver of growth is not the abstract measurements of eyeballs, click throughs, GRPs or even brand equity, but in recurring top-line revenue driven by the enthusiasm and longevity of their customer relationships. The most successful communities breed lifelong affinities with their customers. They build brand advocates who spread the word because they believe, not simply because they are paid to. The best companies do it for an entire lifetime by constantly evolving the products and services they offer in support of that community. The tremendous success e-bay has achieved comes not only from its innovative leaders but from the confidence they have in letting their communities of users drive innovation. Successful community builders develop products and brands through a dialog that allows the customer to define their needs and thus the brand over time.

Another benefit of brand communities is not only the buying patterns that impact the top line, but the economies that add to the bottom line as well. Traditional marketing costs, such as mass advertising and even direct mail, can be slashed or directed to genuine community building tactics like weblogs and events. Brand Advocates—the

devoted 25% of the population that Gladwell calls ‘mavens’ and ‘connectors’ and that others might call ‘prosumers’ or ‘lead users’ or beta testers—will happily accept the job of recruiting, communicating, and even assist with product/service development without pay. These advocates often take on the role of owners and authors and stewards and will proudly wear the brand (on a hat or T-shirt or even a tattoo), and tirelessly evangelize to others by word-of-mouth on the Web. Finding and nurturing these brand advocates is the most important activity that marketers can undertake, especially when over 70% of purchase decisions are made based on word-of-mouth.

Of course, there are those who will rightfully claim that there are some low-interest categories in which people aren't inclined to have much of a connection to what they buy...but brand communities are springing up to dispel this as well. The community of shoppers at Whole Foods is willing to travel well beyond a nearby supermarket to fill their grocery list. The right product or service ‘touchpoints’ in any category can make it easier for people to buy, return and more difficult for them to switch with the proper thought and customer centered innovation. Direct marketer Tweezerman uses tactics like over-engineered personal care products and lifetime sharpening privileges to transform tweezerman ownership into a community of enthusiasts. Southwest's regular fliers don't mind the relative lack of comfort on their favorite airline—they just sit back, eat their peanuts, and enjoy the camaraderie of Southwest staff and other fliers (and the corny announcements) during the flight.

# NURTURING COMMUNITIES:

A community will take root for many reasons.

Sometimes the complexity of a product or service makes the buying decision confusing and ultimately drives prospects to seek social bonds, authorities or simpler solutions. Once people get past the learning curve on more challenging technologies, like Sony's new Clie PDA, users are proud to offer their insight and innovative idea to others on user-driven sites and weblogs. Other communities may spring up when the population of buyers is one that usually ignores or shuns traditional one-way marketing or advertising tactics. Many of the hard to reach under-30 echo-boomers fall into this broad community. They seek like-minded individuals for recommendations or share previously undiscovered destinations and products beyond the boundaries of traditional marketing.

What makes building communities antithetical to so many marketers is that the process cannot be so easily controlled. Building brand communities requires that executives actually give up hands-on micro-management of the brand and try to become fellow leaders of the tribe. They need the courage to 'go with the flow' and make brand decisions secondary to customer relationship decisions. Consider the leap of faith taken by the Howard Dean for President campaign when they encouraged early supporters to gather and share ideas online via Meet-up. The confidence it takes to allow your constituents to define your brand and what they want you to do is antithetical to most traditional marketers.

## CASE STUDY: LIFE CARD

A brand is largely intangible. It's a relationship. It's the sum of experiences that a customer has with a company. Life Card is a unique program designed by GPJ that provides a tangible connection to all the Chrysler brands. An event-centric customer loyalty program, Life Card links numerous events, promotions and marketing sponsorship investments in a way that's meaningful to customers.

It's designed to capture and qualify consumer data in a way that actually enhances the customer experience. Every interaction provides a valuable exchange of information and experience that builds a deeper two-way relationship with the brand. Life Card allows Chrysler to begin and sustain meaningful dialogue with members who choose to opt-in—before, during and long after events. By tapping into comprehensive customer data, Chrysler can extend the right special offers and incentives at just the right time.

Consumers are offered two convenient ways to register for Life Card—through targeted pre-event email campaigns or right at the event. In either case, consumers are offered a variety of benefits, including parking, coat check, VIP hospitality, interactive activities, sweepstakes and retail incentives. Ensuring long-term Life Card value and retention, ongoing member

**In most ways, building brand communities defies traditional marketing rules and corporate regimentation.**

**But here are some brief suggestions on how to keep your communities vital and growing:**

- .01 Use market research as a barometer, not a compass. Don't force communities to head in one direction. Listen to your most avid supporters AND naysayers. Consider their insights on new products and services and credit them when they deserve it. Let them feel like owners and active participants in the success of the community. Ebay has created an entire industry of owners by listening to the community and putting the results to work.
- .02 Give members reason to meet, and the encouragement to interact, offer ideas and share stories. Events that educate and entertain can be the most powerful medium to turn prospect into customers and customers into brand advocates. Camp Jeep has proved to be a powerful customer acquisition AND retention event for the brand by bringing together customers and prospects to do what they love with their Jeeps all across the country.
- .03 Protect your community. Your role is that of a steward, not a cop. Online communities like E-harmony use complex compatibility matching to help their members find significant others, but they also create a very safe environment for their community to operate in. Felons and habitual online stalkers need not apply.
- .04 Create conversations, not collateral. Community members want access to the most useful and trustworthy information AND sources, not just the usual compilation of features and benefits. They seek stories they believe in and solutions they identify with. Consider the power behind the online Linux developer community in building the first meaningful competitor to the Microsoft technology platform.
- .05 Think like a customer, not a brand. You can't build long-term relationships with too many attention-getting tactics, incremental product refinements or short-term financial expectations. Communities are built one at a time from customers that appreciate your insight, love your product or just can't get enough of the experience you deliver. Even a small personal insight, like making it easy to download your favorite new song, can be the seed for a community and deliver exponential growth as the i-Pod economy demonstrates.

communications is tailored to match consumer profiles and offers a number of relevant benefits including retrieval of event photos and content online, merchandise offers and purchase or test drive incentives.

*By integrating this program with other exciting experiences, The Chrysler Group is reinventing the traditional auto show.*



## THE INTERNET AND EVENTS: A natural match for community building.

Communities are not dependent on digital networking or even face to face interactions, but it's clear that both the Web and events together have given brand communities a faster means to grow than any other media. Communities and their brands benefit from the economics of the Internet. With hardly any variable costs to deal with, these communities can scale up while the incremental and increasingly frequent revenues they create go almost straight to the bottom line. To get a real sense of community, it's also easy just to log on and join in. Chat rooms, weblogs, bulletin boards and hosts of other community-minded applications are the surest way to monitor what's going on and what your customers are looking for. Meet-up, ebay and the thousands of online communities inevitably link their virtual communities face to face at events like ebay live and Howard Dean's impromptu meet-ups.

### Comparing the differences between buying influence and building communal brands...

TRADITIONAL MARKETING	COMMUNITY MARKETING
Buying Influence	Building Brand Communities
Coupons and Sales	Loyalty Programs
Salespeople	Prosumers
Prime Time	Right Time
Mass Marketing	Community Marketing
Newsletters	Weblogs
Saturday Morning Cartoons	Cartoon Network
Personal Ads	True.com
Video Games	Fantasy Sports

It is this powerful combination that provides the best possible means for communities to engage, educate and entertain themselves around culture, food, sports, adventure experiences AND around relevant brands. Consumer shows for home and garden, flowers, boats, cars, travel, electronics and sports have grown to become important ways for brands to speak directly to customers when conversations are harder than ever to have with minimum-wage retail clerks. Events that allow consumers to meet with celebrities, experts and authorities or to see, touch and test products are more important than ever in helping them navigate increasingly complex product and technology alternatives.

*“The advertising industry has not kept up with sweeping changes in the market or with consumer mindsets...”*

- Jim Stengel, P&G

### Dialog, Not Monologue

The marketing tactics that support a two-way conversation are the ones that will drive marketing in the future. This is a hard lesson for traditional advertisers, but an essential one. At the end of the day, your brand is a relationship, from the product or service you sell to the call center that supports it to the retail experience that sells it to the communication that brings awareness. Each one of us has a limit to the number of meaningful relationships we can maintain. Brand holders need to keep this in mind when they design their relationships. Each touchpoint in that relationship will either build loyalty and trust or compromise it. Show them you are listening and thinking about them, so they make room for a relationship with your brand.

For more information on building relationships and communities, not just brands, contact:

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## CASE STUDY: ORANGE

Orange, the mobile phone arm of France Telecom, consistently ranks first in customer satisfaction with more than 45 million customers in 16 countries.

In 2004, Orange hosted its first-ever Code Camp, a live participatory event designed to foster innovation, dialogue and deeper relationships with developer partners. The camp was created to expedite the process of bringing applications from concept to adoption. The Orange Code Camp reinforced the camping theme throughout the participant's experience, including Orange-branded camp gear and light-hearted camping touches balanced with advanced technology. A WiFi network operated throughout the venue to allow people to work together informally and effectively.

### The Results:

- Nearly nine out of ten participants said the event definitely helped them with their current applications.
- Nearly half the campers said they would deliver their applications within the next three months.
- 95% of the delegates said they felt closer to the Orange partner developer community

