

SAATCHI & SAATCHI

Whitepaper

**HOW TO CREATE LOYALTY BEYOND
REASON IN TODAY'S TOUGH TIMES**

2009: WINNING UGLY TOGETHER

By Kevin Roberts, CEO Worldwide

DREAM

To be revered as the hothouse for world-changing ideas which create sustainable growth for our clients.

FOCUS

Fill the world with Lovemarks.

GREATEST IMAGINABLE CHALLENGE

To become Agency of the Year in every market in which we operate.

SPIRIT

One team, one dream; Nothing is Impossible.

February 2009

TABLE OF CONTENTS

The Transforming World Of Value	1
The Paradox Of Price And Value	1
Lovemarks Action	2
The Value Scorecard	2
Value Through The Eyes Of Consumers	2
5 Ways To Create Priceless Lovemarks Value	3
1. Surprising with the obvious	
2. Knowing your true value	
3. Jump-shifting value comparisons	
4. Taking the long view on value	
5. Making products irresistible	
Unleashing The 3 Secrets Of Lovemarks	5
1. Mystery	
2. Sensuality	
3. Intimacy	
20 Things To Do In 2009	7
Appendix: "Winning Ugly Together with Lovemarks" Kevin Roberts to Saatchi & Saatchi New York Presentation Notes 2 February 2009	8

HOW TO CREATE LOYALTY BEYOND REASON IN TODAY'S TOUGH TIMES

The Transforming World Of Value

Value has jumped to the top of the business agenda. It happened fast as the world slipped into an economic, banking and debt crisis. As the economy freezes, consumers are turning up the heat. They are determined to get the most value from everything they purchase. **They want to spend less, but get more.** More benefits, more experience and more entertainment.

Economic activity has contracted, spending slowed and confidence slipped. The pressure will not let up any time soon. This is not a passing phase. It is the new reality. Our response – as a business, as a team, as advisors, and as ideas people – therefore needs to be long-term and strategic rather than short-term and tactical. You, your people and your clients are all facing this same reality. This Whitepaper frames the challenge and proposes a Saatchi & Saatchi pathway to action. I urge you to read it, localize it, improve it, and share it (in whatever form you deem appropriate) with your people, prospects, media and clients.

A PowerPoint and text version of this Whitepaper are available from mysaatchi.com (Network Knowledge).

The Paradox Of Price And Value

Price is what companies put on the tag; value is what consumers feel they get out of the experience.

The 2009 economic crisis will bring new challenges and opportunities to the way we communicate value to consumers.

People are taking control of value for themselves. They are distinguishing between true value and false economies.

They have become:

- **More thoughtful.** They are evaluating their habits and familiar ways of choosing and using. Sometimes they find value in brands that have stood the test of time. Sometimes they find more value in a new choice.
- **More open.** They want to experiment with fresh ideas and opportunities as they redefine what value can mean. No one is embarrassed to take a coupon to the supermarket nowadays – as long as it's convenient.
- **More flexible.** They live in a world of and/and: health **and** indulgence; familiarity **and** novelty; time **and** money; shopping more **and** spending less. They are juggling these options any way they choose.
- **More connected.** The search for value is no longer about private discipline. It's gone social and viral. People are keen to talk about value and to share their ideas and experiences. And this time they're online.

"Our job is not to reframe value for consumers; it is to understand and tap into how they're reframing it for themselves. The Consumer is Boss." Marc Pritchard, CMO P&G, December 2008

Lovemarks Action

The fundamentals of Lovemarks are like the fundamentals of physics. Gravity doesn't change with shifts in the weather, and neither do Lovemarks, even in economic storms.

The building blocks to create Lovemarks are in place. Lovemarks offer us an inspiration to creativity, not a rulebook. Lovemarks is an idea that is flexible enough to adapt to new conditions **and** strong enough at the core to remain the most powerful brand development idea in our industry.

We face a defining moment. This is our opportunity to show the strength, resilience and inspirational power of Lovemarks.

We are going to push down on the Lovemarks accelerator. The purpose of Lovemarks has always been to create a premium. When everything else is less, we will give more.

The Value Scorecard

Our job is to create sustainable growth for our clients by filling the world with Lovemarks. We do it in two ways.

- **Creativity:** discovering a motivating and relevant insight so we can connect more effectively, more deeply, and more emotionally with consumers.
- **Effectiveness:** improving our clients' margins, gaining share for them, and increasing sales.

"Profit for a company is like oxygen for a person. If you don't have enough of it, you're out of the game. But if you think your life is about breathing, you're really missing something." Peter Drucker

Put creativity and effectiveness together with inspirational account management and what do you get? Entertaining, emotional and engaging stories and connections that inspire consumers to act.

Value Through The Eyes Of Consumers

When consumers believe that value rests on a difference of five cents, this is not sustainable value for our clients. It is five cents.

The job is to get closer to consumers by listening, observing, sharing. It's about Xploring for insight to get you to foresight. It's about acting with creativity, empathy and discipline.

- Value is created in the **minds** of consumers when they feel they are getting a good deal.
- Value is created in the **hearts** of consumers when they feel a deep emotional connection with the service, brand or product.

Love/Respect Axis Through The Eyes Of Consumers



5 Ways To Create Priceless Lovemarks Value

At this moment we need new ways to recognize and to create value for our clients. We need to anticipate shifts in consumer behavior. We need to understand when they want the comfort of certainty, and when they feel like something new. People are struggling and every victory they feel they've won – no matter how small – makes a difference.

It won't be enough to slap a value claim on our advertising messaging. Consumers see through that. What we do **now** is as much about creating the future, as it is about winning today.

The Value Shift

PRICE FOCUSED VALUE	PRICELESS VALUE
Caution	Courage
Short term	Long term
Rational	Emotional
Deliver	Delight
Transact	Connect
Calculation	Empathy
Cut	Commit

"You need to skate to where the puck is going, not to where it was." Wayne Gretzky, hockey player

1. Surprising with the obvious

Sometimes companies become so blinded by the everyday that they can't see beyond their own plans and priorities. They forget that by turning just one degree you can find something fresh. They forget that authentic human truths have to be constantly rediscovered.

Our worldwide P&G team have been thought-leaders in defining new approaches to value.

They have shown that blind-spots in a marketing matrix can open up fantastic opportunities for growth by "surprising with the obvious" - through curiosity (to find out what consumers want), and empathy (to understand how to give it to them). Examples:

Hyundai understood how American consumers feel right now and made the perfect offer. "We will buy back your Hyundai if you lose your job." The result? While the U.S. auto industry is down 37%, Hyundai is up 14% over the same period.

Prius did it with the button start ignition. The push button didn't add value to the process of starting the car. It added value to the experience of starting a car.

Virgin Airlines offered passengers their meals when they felt like having them, not on the airline's schedule.

Netflix delivered DVDs to the door rather than making customers come to them.

Single Sachet Tide offered premium performance at a manageable price.

Apple pulled computers and electronic devices out of the beige world of technology and into the world of irresistible design. Then did it again with retail.

Commerce Bank figured that as banking was going online they would take an obvious step and surprise their customers (and the competition). They focused on the customers who actually want to visit a branch and opened evenings and weekends.

Livestrong picked up on the obvious human desire to declare our beliefs publicly. The strong visual signal of a bright yellow wristband proved irresistible.

2. Knowing your true value

Under pressure we reveal ourselves to be who we truly are. The new drive by consumers to value makes our own values more important than ever. Our values are how we define what is core to us and what is not.

Core is Lovemarks, core is Peak Performance, core is improving the lives of consumers, core are the opportunities to move from Green to True Blue. Brands need to offer help and hope now more than ever.

Target and **Walmart** got it right. They combine a price commitment with a better living promise. And **JCPenney's** Every Day Matters has never been more relevant and timely.

The **Obama campaign** kept with its simple message "Change we can believe in" for two years. Through attacks, rising and falling polls, to final victory, they focused on what was core.

Gucci understands it cannot shift from its love of dreams whatever the economic climate. Chairman Robert Polet made Gucci's conviction clear, "You cannot put a price tag on a dream."

Saatchi & Saatchi has dreamed for more than a decade of being revered as the hothouse for world-changing ideas that create sustainable growth for our clients. This dream lives on.

3. Jump-shifting value comparisons

In tough times consumers rely heavily on value comparisons to make their choices. Brands respond by escalating their value offers but consumers quickly figure out irrelevant claims and false economies. A better response is to jump-shift. By creating surprising and extraordinary new comparisons, brands can motivate consumers to reconsider their sense of value.

P&G invited consumers to compare their new product Tide Total Care with dry cleaning rather than with other washing products.

KFC put up a \$10 challenge to prove the food they served was cheaper than home cooking.

Tata Nano dramatically shifted the price comparison when they compared their new car not with another

car, but with a scooter. The world's cheapest new car was launched.

MillerCoors started to place lower-priced Coors Light alongside its Blue Moon premium beers in store. Blue Moon drinkers who wanted to economize could shift down and still stay within the brand.

iTunes shifted the value frame from buying music by the album to buying it by the track.

Flexjet reframed its private jets from cost to investment. They weren't a luxury item for rich people but a valuable business tool.

4. Taking the long view on value

The big lesson is to understand why Lovemarks matter more now than they ever did in good times. Lovemarks thrive in tough times because they take the long view. They are built on the solid foundations of their core beliefs, so they can act fast and act decisively when the unexpected hits. Loyalty Beyond Reason is stored in people's hearts not folded away in their wallets. It is all about exceeding expectations.

Toyota has experienced 20 years of consistent growth in the North American automotive market. They have gained market share during each of the three major economic downturns of the past 20 years. They did this by launching new products and investing in strong brand building and marketing activities. Toyota will continue to be a market leader in all that it does.

"The reason P&G has grown so consistently for so long is that we are a company that sticks to the fundamentals. We build brands that improve consumers' lives. We deliver superior value day in and day out. We manage cash and costs with unrelenting discipline. And we invest in innovation as the primary driver of profitable organic sales growth."

A G Lafley to P&G shareholders, October 2008

Starbucks set up MyStarbucksIdea.com as part of its long-term reinvention effort. This social networking community attracted more than 100,000 posts and ideas from consumers within the first week.

The Michelin Guide has been the driver's guidebook to France since 1900. By listing and ranking the best restaurants and services it has proved an extraordinary long-term attractor for Michelin tires.

Hewlett-Packard understands that taking risks on behalf of consumers has to be in its culture, not just a tactic in good times. "It is incredibly important to be a risk-taker in the sort of economic climate we are in." Michael Mendenhall, CMO, HP.

5. Making products irresistible

Value is created from both Love **and** Respect. Discarding Love and fixating on the benefits of Respect positions products in a land of less differentiation and less opportunity. Sustainable value is created by wrapping products in emotion, relevance and service.

Apple stores take in \$4000 of revenue per square foot of retail space. That's compared to around \$700 at Saks. And where's the real value? It's in Apple people interacting with shoppers – behind the Genius Bars, teaching new programs and helping out on the floor. Information, stimulation and entertainment.

Charmin restrooms provide the ultimate personal service in New York's Times Square for a few weeks each year. Winter wonderland theming, a boutique, family photo area and baby changing station create a valued and fun experience. **Duracell** joins in with cell phone and iPod recharging services.

T-Mobile has set up a network of branded mobile phone charging stations at airports. A valued service when travellers need it most.

The **Visa** Business Network on Facebook helps small businesses become more effective with tutorials and other resources. Emotional support is added by valuable social networking opportunities.

Unleashing The 3 Secrets Of Lovemarks

Lovemarks have deep roots throughout the Saatchi & Saatchi Network and are adding real value to clients at no cost. Lovemarks are simply the way we do things whether it's opening the door with prospective clients, stimulating discussion and new projects with existing clients, earning our place on pitch lists, and winning new business.

This is a great time to accentuate the power of Mystery, Sensuality, and Intimacy as our guiding principles and to expand how we use them with individuality and creativity.

"Be daring, be different, be impractical, be anything that will assert integrity of purpose and imaginative vision against the play-it-safers, the creatures of the common place, the slaves of the ordinary."

Cecil Beaton, photographer, London, in the 1930s

1. Mystery

In tough times people want the reassurance and security of the familiar **and** they are eager for joy, release, delight, energy and fun.

Great stories connect people back into their communities and lift their spirits. Barack Obama illustrated this dramatically with his story of the 106-year-old woman's journey to the digital voting machine.

Past, present and future. In difficult times people are often tempted to look backwards when life seemed easier and simpler. By connecting with Past, Present **and** Future, we can avoid the complacency of nostalgia and be inspired to improve the lives of all consumers.

Taps into dreams. People will always choose with emotion, but that emotion needs to be hope rather than fear, joy rather than disappointment. The challenge is to connect with dreams that resonate with consumers' new sense of themselves and what they value.

Inspiration. In a turbulent world people can quickly feel cynical as their lives seem to drift beyond their personal control. They welcome feelings of hope, love, and optimism, and a sense of being part of something bigger than themselves.

2. Sensuality

People live through their senses. In recession small comforts and indulgences become more important. The five senses are a direct pathway in the human brain to delight.

Sight. Lovemarks claim the emotion and drive of Red; Yellow expresses the optimism of Lance Armstrong and LIVESTRONG; True Blue escapes the ecological silo of Green and captures the holistic desire for a more sustainable way of life.

Sound. Music plays perhaps the strongest sensual suit by creating happiness and escape. By adding sight and motion to get sisomo, you create an interactive connection direct with the home, the office and anywhere else people live, play or work.

Touch. Nintendo transformed the games console market with the sense-shifting Wii, while Apple's circular touch wheel control on the iPod won the ultimate accolade: it was awarded a trademark.

Scent. Revere scent like the Onges people in the Bay of Bengal's Andaman Islands. They greet each other with "How is your nose?" M&M's World Store is scented with chocolate while the baby floor of Bloomingdale's goes for the delicate fragrance of baby powder.

Taste. Food brings total sensory immersion. As consumers reassess what they value, the simple pleasures of sharing food with family and friends, giving small indulgences to the people they care about, and joining in familiar rituals, all become more meaningful.

3. Intimacy

As the global economy swirls and insecurity grows, consumers will seek out those brands they can share an intimate, trusting relationship with.

Commitment. There will be innumerable pressures on companies to cut back. In the face of this, companies that show commitment to their people and to consumers will gain some extra "love in the bank." Small gestures will often be more meaningful as this is not a time that people will trust grand ones.

Empathy. Understanding consumers, their hopes, their dreams and especially their fears is the hallmark of a Lovemark. With the profound empathy shown by "Love the skin you're in" Olay surged into the masstige market.

Passion. You can't have passion for your brand and believe that shaving a cent off makes it more saleable at the same time. Authentic conviction and passion go hand in hand.

20 Things To Do In 2009

- 1. Get used to it.** The tough times we face with our clients and consumers are not a temporary shift. They are our new reality.
- 2. Stay Focused.** Identify what's core with the Blue Ocean Transformation Grid. Eliminate and reduce what's not core. Control the controllables.
- 3. Earn Loyalty Beyond Reason.** Put consumers at the heart of everything you do. The foundation of our success will always be motivating and relevant insight.
- 4. Drill Deeper into Lovemarks.** The next few years will see good brands – and even some great ones – plunge into a commodity dead-end. Use our Lovemarks practices to get our clients on course. Use the Path to Love to Discover, Explore, Inspire and Attract.
- 5. Book a Lovemarks Academy.** There is no better way to create Loyalty Beyond Reason in tough times. Include our clients and our people. Email jane.kendall@saatchi.co.uk
- 6. Ask the two big questions.** "How do we create value for our Clients?" and "How do we create value for our Company?" Keep asking.
- 7. Hold the line.** Winning Ugly starts at home. We must keep all the business we currently have. Our goal: Zero client churn.
- 8. Win significant new business.** When everything is shrinking around us, it's time to stop being farmers and become hunters again. Hunt new clients, new partners, new revenue opportunities.
- 9. Reinvent your new business credentials.** If they are not winning significant new business, start again. Look at what others are doing. Learn fast, fix fast.
- 10. Use Sustainability as a catalyst for business growth.** There is no greater, better, more urgent time to be sustainable. No Sustainability, no Lovemark. Email awerbach@saatchis.com.
- 11. Get out of the Office.** And into Xploring. It's the smartest way to understand how consumers are redefining and repurposing their lives. Email sandy.thompson@saatchiny.com
- 12. Accelerate insight.** Better insights in your category can inspire business transforming ideas. For more, email howard.roberts@saatchi.co.uk or cliff.francis@saatchiny.com
- 13. Get Organized.** Create and nurture a Lovemarks Organizing Idea for every brand we have and unleash it across all touch points. See Lovemarks Connector Kit.
- 14. Commission an AMR Lovemarks Study.** Work with Pedro Simko and use this brilliant research tool to win new business and reassure clients. You can plot ten brands in any category on the Love/Respect Axis. Costs are minimal and turnaround is seven working days. Email pedro.simko@saatchi-ch.com
- 15. Learn from our clients.** Look to our clients across the network for many of the answers to today's challenges. Run a mixed discipline Tribe to fuse their expertise with our creativity.
- 16. Keep it simple, keep it focused, keep it profound.** There's enough out there for people to worry about without adding to the clutter.
- 17. Step up to inspiration.** Our greatest assets come to work each morning. Inspire our people to be the best we can be in pursuit of our shared Dream.
- 18. Invest in youth.** Their fresh ideas and energy can start new conversations, find deeper insights and bring the interactive life alive.
- 19. Give them more.** When everything else is about less, a Lovemarks Company exceeds expectations.
- 20. Just do it!** Execute, execute, execute! Speedily, flexibly and relentlessly.

Winning Ugly Together With Lovemarks

2009 is Saatchi & Saatchi’s year of “Winning Ugly Together.” Tough times demand a direct response and swift action. The strength of our core beliefs is at the heart of our competitive advantage as we create value for our clients, consumers, and Saatchi & Saatchi people.

Dream. To be revered as the hothouse for world-changing ideas which create sustainable growth for our clients.

Focus. Fill the world with Lovemarks.

Greatest Imaginable Challenge. To become Agency of the Year in every market in which we operate.

Spirit. One team, one dream; Nothing is Impossible.

Winning Ugly Together demands we ignite our passion to live and breathe as The Lovemarks Company. We will:

- Drive sustainable practices with lean, fast and focused organization.
- Drive revenue through Permanently Infatuated Clients.
- Inspire our people to perform at peak.
- Lead the world in consumer insights that drive world-changing ideas.
- Unleash our creativity to deliver Loyalty Beyond Reason with famous, award-winning ideas.

We can no longer simply be **In The Game**. We have to get out there and **Win Ugly Together**.

IN THE GAME	WINNING UGLY TOGETHER
Give and Take	No Compromises
Take it as it Comes	Revel in the Unexpected
Sit out the Storm	Face Forward
Deliver	Exceed
Business as Usual	Reframe, Reframe, Reframe
Accept Less	Give More
Steady	Urgent
Cautious	Fearless
Price	Priceless

We will Win Ugly Together because we have:

- A great brand.
- A unique Purpose and Positioning.
- A great parent company.
- A leader who believes in us.
- A closely knit, highly seasoned top team.
- The best set of leaders we have ever had.
- The best clients.
- The best systems.
- The right mindset.
- The greatest people.

This is not a time to sit back and see what happens. We must act and we must act now.

kevin.roberts@saatchiny.com
saatchi.com lovemarks.com
saatchikevin.com

Saatchi & Saatchi 2009

“Winning is not a sometime thing; it’s an all the time thing. You don’t win once in a while; you don’t do things right once in a while; you do them right all the time. Winning is a habit.”
Vince Lombardi, Coach of the Century

White paper

From Wikipedia, the free encyclopedia.

A **white paper** is an authoritative report or guide that often addresses problems and how to solve them. White papers are used to educate readers and help people make decisions. They are used in politics and business. They can also be a government report outlining policy.

There are three primary types of commercial white papers:

1. Business-benefits: Focuses on making a business case to executives
2. Technical: Helps influencers (like engineers) to understand how a concept or technology works
3. Hybrid: Combines high-level business focus and technical details into a single paper

See also

- Green paper
- Persuasive writing

Retrieved from “http://en.wikipedia.org/wiki/White_paper”