

Innovation *and the* Earned Brand



Innovation and the power of the *Earned Brand*

The life of the consumer is transformed daily by a rush of innovations. Want to change the temperature of your home remotely; no problem, use Nest. Need a great dress for the weekend party; easy, use Rent the Runway. Don't want to be hanging around; order a car from Uber. Maximize your workouts and monitor sleep patterns; wear the Fitbit. Have a brilliant entrepreneurial idea that needs funding; apply to Kickstarter.

It is the entrepreneur's moment. Consider Jeff Bezos of Amazon, who said, "New inventions and things that consumers like usually are good for society." People love innovation and what it can bring to their lives. They connect with innovation in terms of the human spirit.

This should be a bonanza for marketing professionals, who are charged with selling these innovations. Our business has a surfeit of new tools at our disposal, from personalized advertising to targeted direct marketing and dynamic content creation. And yet, we are in danger of losing our consumer. Here are a few warning signs for the marketer from our research:

- By a two to one margin, people feel that the pace of change is too quick.
- Two of three consumers believe that the motive for innovation is greed and corporate profit.
- Two of three are nervous about privacy; three of five are anxious about security, the environment and overconsumption; and half are concerned about having to be on all of the time.
- Most worrying, 87 percent of consumers said that they will stop buying innovative products and services unless companies address their concerns.

We have to act on a simple truth: acceptance of innovation cannot be bought, it must be earned. As marketers we are failing.

Three of five consumers told us that brands are not on the right track when it comes to listening and communicating with them. And by two to one, consumers said they want to be reassured over being inspired.

We have forgotten that reassurance is required at a time of rapid change. To achieve that "arms around" status, demands a different playbook.

And this churn of innovation means more than ever that my evidence is your experience. Said another way, it is the experience that peers have with an innovative product and their emotional shared reactions that are the necessary evidence for purchase. Seventy-five percent say they turn to peers to push them toward or away from a purchase.

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Instead of brands using the opportunities that social channels provide to just convey their messages, brand marketers must also use the same social channels to

enable peer-to-peer conversation to exploit the power of the peers and convert the purchase. Sixty-four percent say they trust a brand more if they facilitate peer reviews. And consumers take seriously the opportunity to connect with brands via a “human face at the company,” in customer service or via social channels.

64%

I trust a brand more if it encourages me and other customers to review its products and services

Today’s inspiration comes from aspiration. Sixty-nine percent of people believe that the role of innovation for brands should be to constantly improve society and 63 percent to push our thinking. People around the world want to understand the purpose and mission of the brand, how the new product will improve their friends’ lives. And when they are inspired about the mission, the consumers become missionaries.

Disruptive innovation is a fact of the modern economy. As marketers, we need to evolve our playbook if we want to succeed. We have to address consumers’ fears before we have the permission to sell. And we are most credibly represented by those with personal experience of a brand, speaking openly and spontaneously. Once the foundation

of trust is established, then marketing can play its role of inspiring purchase.

Brands must understand that there are four characteristics that they need to earn the right to innovate. They must **inform** transparently so that they can educate their audience to enable them to make personal choices. They must operate with **purpose** and show how they fit into the bigger picture and are active participants in society. They must live with **character** that is true to themselves and have a personality that their audience can buy in to. And they must **make their mark** by doing something unique or differentiating that is worthy of attention.

This is the new model of marketing in action – brands must reassure before they inspire.

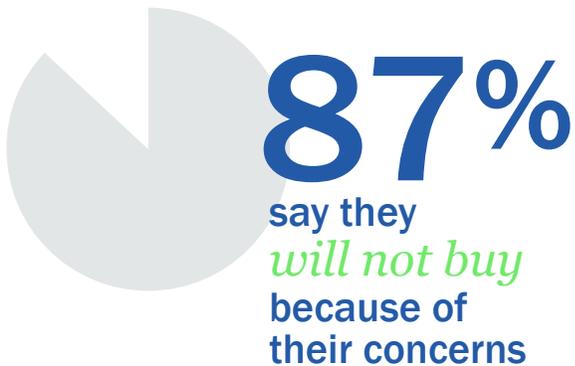


Richard Edelman

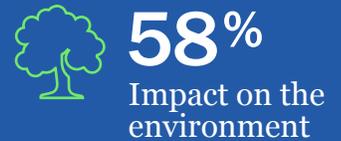
*President & CEO,
Edelman*

Innovation and the Earned Brand: *Key Insights*

Consumers have concerns about the risks that come with innovation.

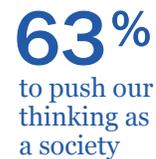


Consumer concerns include:



But they still believe in the promise of innovation.

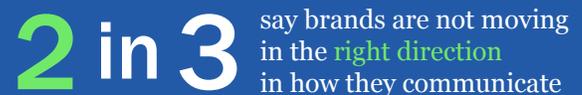
Percent who agreed with each statement:



While the promise of innovation inspires, people first need to be reassured.

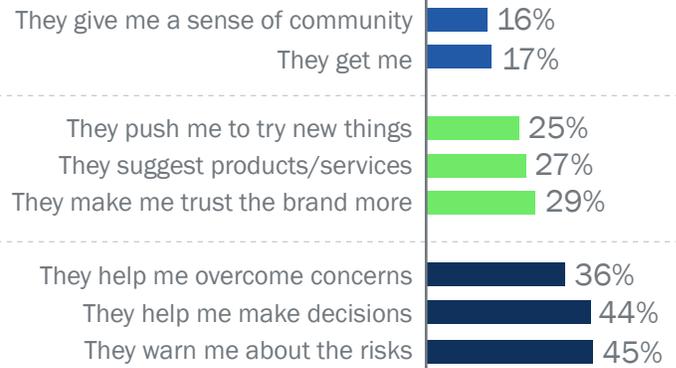
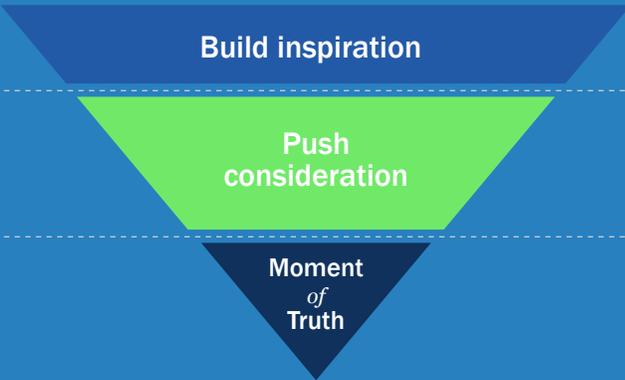


...but we are failing them as marketers.



“I rely on my peers to reassure me. Because their experience is my evidence.”

The impact of online/offline conversations about brands with friends and other people like me:



The lesson for brands: Messaging alone doesn't work. It's about how your brand behaves.

These are the four Earned Brand behaviors that address consumer needs around innovation:

<i>Earned Brand behavior</i>	<i>Consumer need</i>	<i>Brand opportunity</i>
1 Inform & educate	Reassure me about my personal concerns	<ul style="list-style-type: none"> Explain your motive for innovating. Address concerns about societal and environmental impacts. Engage and educate consumers across different platforms.
2 Have a purpose	Reassure me about my societal concerns	<ul style="list-style-type: none"> Be authentic. Show you value human interaction and have respect for tradition and heritage. Add value beyond the product or service.
3 Make your mark	Inspire me by doing something new and different	<ul style="list-style-type: none"> Show how you stand out from the crowd. Offer engaging content that is timely, has resonance and is entertaining. Spark peer conversation and debate on many channels with a clear and consistent brand voice.
4 Live your character	Show me how I can participate in your brand	<ul style="list-style-type: none"> Be transparent when it comes to consumer privacy and sharing of data. Offer inspirational, exciting brand experiences in which consumers can participate.

The simple *truth*

Why do people crave new innovation, even though new is not always better and it often comes with a perceived risk? What do brands need to do?

We wanted to learn more about disruptive innovators and what marketers and communicators could learn from businesses and brands that have reimagined categories, products and services. Especially new disrupters like Uber, Airbnb and other businesses that have fundamentally changed the way we consume products and services even beyond their own sectors. We wanted to discover if there are lessons from some of the fastest-growing brands.

This is a unique study of its kind with consumers from across the globe exploring their real feelings about innovation and new relationships with brands.

What we discovered is a simple truth. Successful brands that innovate well aren't what they used to be, they create human relationships, they have many living qualities – they are the Earned Brands.

There will always be the lovers and the haters of change and innovation. But we now know that people believe in the promise of innovation. We also found that it doesn't matter about geography, demographic or sector...two-thirds of consumers are conflicted, undecided and need to be reassured before they will purchase.

People now ask their friends, use the Internet and their

peer-to-peer social networks to get reassurance. They want to talk to others who've had the same experience, made the same mistakes, and found the best answer. And these people tell the truth, not just the latest brand story.

If it's about people talking to people, what is the role for brands? Our study found that peer conversations are critical and brands win if they embrace and power the peer conversation. People across the globe told us that they trust brands more if they find it easy to review their products and services. And just as importantly, they trust the brands that encourage people to review their products and services.

When you group tribes of people together around their tolerance of risk and their attitudes towards innovation, you start to get a clear picture of what people want from innovative brands. This gives us a key to the behaviours that will reassure these different peer tribes.



Two-thirds of consumers are undecided about innovation.

We have classified the 66 percent of conflicted consumers into potential “swing tribes” with the following Innovation Typologies:

The Traditionalist

The Traditionalist fears losing the old ways of doing things, they fear losing touch and are very concerned about having to be “always on.” To engage with this group, brands need

to deliver **purpose** and show them how the brand is part of an authentic experience.

The Analyzer

The Analyzer loves innovation, but is concerned about a brand's motive, the impact of the innovation on the environment and the impact of overconsumption. To engage with this group, brands need to **inform** and educate – they need to be given the facts so that they can make up their minds.

The Rebel

The Rebel might like innovative brands, but they believe that everything is becoming more average and that people are becoming like robots just taking the innovation and upgrades as they come without question. To engage these people, brands need to **make their mark** and help these consumers stand out from the crowd.

The Creator

The Creator wants innovative brands to encourage creativity and make them look smarter. They love brands and creating content – but they are overwhelmed with options and concerned about privacy issues. This group needs to be engaged by brands, creating a clear **character** and giving them a way to wear the brand as a “badge.”

What we can all learn from disruptive innovators is a new model of marketing in action. We have to inform, we need

to take part of the world we belong to, we need to have a character people can interact with and brands need to make a mark.

These behaviours must work together as earned and paid needs to work closer than ever before. It's a true mix now, a patchwork, not a set of matching luggage.

That means it's not just about the messaging, storytelling and choosing the right channels. It's about how your brand behaves and earns the right to be considered, engaged and shared. It's about using the right communication approach...listening, shaping and treating groups of people as communities, not just a marketplace.

Brands become Earned Brands by joining the peer-to-peer economy, learning how to fuel and shape the conversation.



Michelle Hutton

*Global Practice Chair Consumer,
Edelman*

The Earned Brand Methodology



Timing

April – May 2015

Quantitative Online Survey

10 countries – U.S., Mexico, Brazil, France, Germany, U.K., China, Japan, India and Australia; 10,000 respondents, nationally representative of age, gender and region based on most recent country status data

Behavioral Focus Groups

16 millennials in
New York and London

Mobile Diaries

25 millennials, with them on their
mobiles, for 2 weeks, in Brazil, U.K.,
India, China and the U.S.

*Innovation and the Earned Brand was fielded
in partnership with Edelman Berland.*

About Edelman

Edelman is a leading global communications marketing firm that partners with many of the world's largest and emerging businesses and organizations, helping them evolve, promote and protect their brands and reputations. Edelman was named one of Advertising Age's "Agency to Watch" in 2014; one of Forbes' "14 Most Influential Agencies of 2014"; and The Holmes Report's "2013 Global Agency of the Year." Edelman was awarded the Grand Prix Cannes Lion for PR in 2014 and was among Glassdoor's "Best Places to Work" for the third time in 2014. Edelman owns specialty firms Edelman Berland (research) and United Entertainment Group (entertainment, sports, experiential), a joint venture with United Talent Agency.

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