



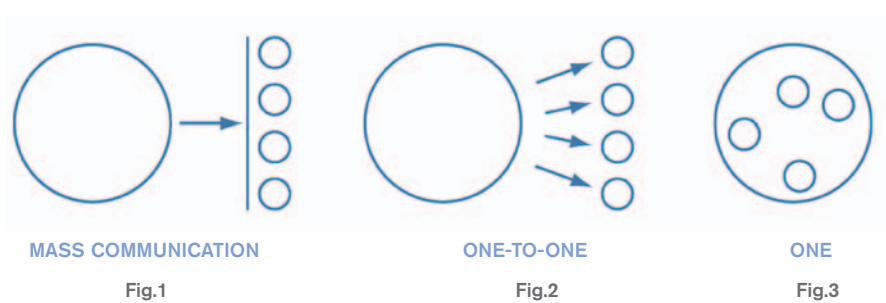
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Wildfire / The Consumer Revolution / In his forthcoming book, Stefan Engeseth insists that the gap between what companies promise and what their consumers experience will only widen unless businesses put consumers in the driving seat. His 'ONE' philosophy is based around a simple premise - the closer the customer, the more profitable the relationship will be /

PKR/ Explain the rationale behind your new book.

SE/ Growing up in my mother's hair styling salon was probably the best customer relations or management education I could get. Think about it for a second: what do you tell your hairdresser? Or your taxi driver? Probably a good deal more than you tell the people at the bank, which is strange because banks are so important for so many things in your life. But why are people more open with their hairdresser? Let's face it - in the general scheme of things hairdos are not a major life decision; there are many other things which have a far greater effect on our lives. In a sentence, this is what this book is all about: the untapped potential of the meeting between company and customer.

Consumer behaviour makes or breaks not only companies, but whole economies, too. The media consequently devote more and more of their attention to discussing and reporting consumer issues, such as disenchanted consumers turning their back on brands they favoured only yesterday. ONE means taking business to the next stage of development, about bringing the consumer into the company for the benefit of everyone.



Be ONE with the brand instead of number one on the market. One-to-one creates distance in the form of 'us and them'. You can see development from mass communication in Figure 1, where the same message is broadcast to everyone. The next step takes us closer to the individual's needs (one-to-one) where every relationship is more unique. The final mental step is to become one with the market and the customer. ONE goes deeper than the communication, it encompasses everything from product development to corporate culture.

When did you last see an ad for Google? Yet fans have started to name their sons after the brand (www.google-kai.com). Through tattoos, websites and blogs, fans are building new tribes around great companies. This is a great source for agencies to get inspiration from.

PKR/ Do you think businesses have paid sufficient attention to the 'consumer revolution'?

SE/ The brands and elite of the business world are today's aristocracy. Consumers have started to rise up and demand their fair share of what they have helped to create. This time the French revolution is a global consumer revolution. Many anti-brands may soon be staring up the business end of a guillotine. The difference is that today's guillotine is much sharper and in the hands of mass media working with consumers and the Internet. Some heads that have already rolled: Enron, WorldCom, Shell and Exxon. Who's next?

Sometimes when I lecture I ask the audience, 'How would you like to have 50,000 negative anti-brand pictures of your company on the Internet?' Not many hands go up, yet the pictures



are still out there. Why?

The business world is focusing primarily on the problems of the consumer revolution. Companies have had enough of incendiary pamphlets such as *No Logo* and *Fast Food Nation*, but the consumer revolution is also full of possibilities. My goal with ONE is to supply tools, skills and inspiration to show how consumer power can be made to work for, rather than against businesses. Many of the big companies I have interviewed for the book are now starting to 'love their consumers,' but at the same time they know that they have no choice. A.G. Lafley, the CEO of Procter & Gamble said: 'The rise of this powerful consumer boss marks one of the most important milestones in the history of branding.' Today the market is transparent and consumers see through false messages. The reason why P&G is moving closer to the consumer is simple; there is no bottom line without them!

PKR/ How does the 'ONE' principal affect the advertising business?

SE/ Advertising is not dying; it's just changing. As companies are trying to get closer to their customers, advertising is searching for new forms of communication along the entire chain of consumption from discovery to purchase and beyond.

The more your customers add to the picture, the more willing they are to buy it. Advertising is part of the picture but to be successful agencies need to see the entire picture.

PKR/ What's your advice to a 'traditional' advertising agency?

SE/ 'Big agency' sadly often means 'big distance' between them and their consumers. There are many possibilities for agencies to change and adapt if they get more input from consumers. For example: why not invite

someone from the street to attend your next meeting? It will certainly reduce the amount of jargon and incestuous thinking. And maybe you will find new colleagues that can mix your knowledge with non-knowledge so the agency can grow with new creativity.

/ Get more creative, by working together as ONE with your client and their consumers.

/ Do not only read ONE book. Read loads on the subject of consumer power in order to learn that consumers rule the business of today and tomorrow.

/ Management at ad agencies will adapt faster if they adopt an 'open source' approach to consumer engagement.

This may come as a shock: stop hunting consumers (your 'target') and start to involve them!

PKR/ What are your favourite case studies in ONE?

SE/ Open source concepts such as Linux, built on dialogue with the customer rather than TV advertising monologues. Retailers like IKEA that manage to profit from building communities, while anti-brands such as Nike exploit them. Companies like eBay, Amazon and Patagonia that have successfully blurred the boundary between themselves and their many millions of customers around the globe.

Smoothie makers Nudie are a small, cool company in a big world. Using common sense and strong consumer input, they have built a unique brand, with an almost cult-like following. Started in a kitchen, Nudie has grown into a \$12 million company that is making a considerable impact on the fruit juice industry.

The big players in the category are transaction-based rather than rela-

tion-based. Customers attained solely on price considerations are not loyal, which is not a major concern when the products are anonymous and generic. Contrast that with Nudie's Tim Pethick who has built a solid long term relationship with his customers.

A few tips from Tim's approach to being ONE:

/ Tell a story and feed that story.

/ Respect your consumers. Don't fake it, make it real.

/ Involve consumers; it's their brand.

/ Consumers can take care of all marketing you need!

/ Create a transparent brand and a transparent product.

/ Think and act like a consumer.

/ Involve your customers in a continuing dialog. (Look at nudie.com.au for an inviting, interactive site.)

Nudie let its fans 'adopt a shop'. The fans have responsibility for making sure there are products in the store and that they are displayed properly. Their intense passion for the brand means that they put their hearts into seeing to it that the store owner is doing 'their brand' justice. When the shelves need to be filled, the fans get in touch with their Nudie contact person and have them order more. Tim points out that you must always exceed the customer's expectations. Today, Nudie's relationship with its customers has developed to the point where the customers practically run the company. In lectures, Tim has said that 'if the customers wanted us to start an airline, we'd do it!'

Today Nudie is voted one of Australia's top ten brands, proving that customer focus does pay off.

Another case is the Swedish brand Light My Fire (www.light-my-fire.se). When everything is organized, digital and effective consumers start longing for the opposite. These guys listen to this and offer consumers dreams of romance and freedom.



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Big companies like FedEx spend millions to get new customers, but once they get them, often the fun stops. Unfortunately this multi-billion company didn't appreciate Jose Avila's discovery. Running a small start-up, he used FedEx so frequently that he had about 300 of their boxes lying around. He put two and two together: I have boxes and need furniture so why not make furniture out of FedEx boxes? Great idea (with an environmental dimension) and the word soon spread quickly on the Internet. Sadly FedEx did not like it, so their lawyers hunted Jose to make him shut down his site, www.fedexfurniture.com. But Jose got help from students at the Stanford Law School Center and this helped the story to grow into a modern version of David and Goliath. Instead of fighting consumer power, FedEx could have embraced Jose's story and used it to move their company forward by being ONE with their consumers.

Instead FedEx pursued the little guy and got loads of negative PR when the story appeared in *Wired*, CBS, CNN, NBC and on talk shows. Cue thousands of anti-brand stories floating around the Internet. This attitude from big companies costs millions of brand image dollars and doesn't increase sales.

To get consumer power to work with FedEx rather than against it, their developers could easily find designers like Sergej Gerasimenko who have been working with cardboard furniture for more than 15 years. Together with Jose and Sergej, FedEx could develop a package that consumers could make FedEx furniture with, and become ONE with the brand. For employees at FedEx, it should be an honour to work in a company that is a part of people's lives, beyond simply delivering packages from A to B. It would also inspire their corporate culture to adapt and learn from customers and make them more flexible.

Instead, FedEx chooses to pay millions of dollars to run annoying product placements in movies like *Runaway Bride* or *Castaway*. In other words, they PAY to APPEAR as though they are a part of their consumers' lives. After movies like *The Corporation* and *Super Size Me* they could well, thanks to their infamous David & Goliath story, end up with an 'anti-FedEx-movie' (I have suggested it already to Michael Moore). Hollywood only needs to Google Jose's name to see that millions of people have already engaged with the story.

Today Jose and other fans have moved out from the FedEx brand (or as some say, ExFed). Sadly Jose's site www.fedexfurniture.com isn't up anymore. We hope that the company who replaced FedEx for Jose, UPS, can work as ONE with this passionate customer. Maybe he (and Sergej) could design furniture for UPS and start an officially endorsed www.upsfurniture.com site!

PKR/ In what ways can conventional marketing be bypassed by brands looking to make big bucks? In other words, what's the link between proximity and profitability?

SE/ Microsoft understood the importance of being close to the customer early in the game. From the beginning, the company worked together with computer manufacturers to ensure that their operating system was installed before the product was delivered to the customer. This was a very natural way of skipping the first step in the purchasing process, the trial stage of deciding what to buy. 'To be or not to be', became 'to be without buying'. These partnerships have formed the basis of Microsoft's distribution strategy for over 10 years. When competitors tried to sell software, it was easier for the customer to stick with the Microsoft offering. When Microsoft was caught off-guard by the browser explosion and Netscape cap-

tered most of the market, Microsoft could bundle their own program Explorer with their dominant operating system. Much of Microsoft's business is built on upgrades. It's easier to upgrade than to switch.

At the same time Micro\$oft don't let consumers enjoy their freedom of choice. Steve Ballmer has allegedly described Linux as 'a cancer.' Cynical business doesn't sound positive and doesn't build positive consumer power. Millions of consumers are revolting against big corporations who won't let them think for themselves. The companies that listen and act will make it big. If Microsoft doesn't start to listen and learn, it could be the start of their downfall.

ONE - A consumer revolution for business *will be published by Cyan Books in January, 2006.*

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