



Global Branding and Advertising

- Moderator: **Youngme E. Moon**, *Professor of Business Administration*
- Panelists: **Ann M. Fudge**, *Former Chairman and CEO, Young & Rubicam Brands*
Francis J. Kelly III, *President and CEO, Arnold U.S.*
David H. Kenny, *Managing Partner, VivaKi*

Overview

Marketing has entered an exciting new age. New social networking technologies make marketing truly interactive and allow for the development of relationships. Consumers control what they watch and when, but marketers have the ability to tailor their messages very precisely and can leverage these technologies to build communities.

Amid the rush to use these new technologies, marketers must not forget that the key to marketing remains people; specifically, understanding their lives and needs and being able to connect with them emotionally. Today's new tools and technologies are simply a means to build a relationship and convey a brand's consistent emotional message.

Context

This panel discussed how branding and the advertising industry have evolved and the key trends and challenges facing marketers and advertisers today.

Key Takeaways

- **Advertising and marketing are in a continual state of evolution.**

Over the past several decades, advertising has evolved dramatically and continues to do so.

- *1970s: One-way communication.* Communication was strictly one-way as advertisers communicated and consumers were passive recipients of information.
- *1980s: Consumer response.* The industry evolved with call centers and response vehicles that allowed marketers to hear from consumers.
- *1990s: Two-way communication.* In the 1990s, a dialogue began between consumers and marketers. There was good two-way communication, and products were formulated on the basis of consumer feedback.
- *Today: Interactive relationship marketing.* Today we are in an age of social networks, webs, and true relationship marketing. There are new and different ways that messages are communicated, such as through mobile devices. Agencies are increasingly focusing on media and measurement. Communication methods will continue to evolve in the years ahead.

"Now is a time of relationship marketing."
— Ann M. Fudge

- **Tremendous changes are taking place in marketing, advertising, and brand building.**

Among the key changes the panelists are observing are:

- *From linear to liquid.* Traditionally marketing was linear as marketers formulated clear and well-orchestrated programs and structured, linear campaigns. But the world is chaotic and fast changing. People today decide what they want to watch and when to watch it; they use technology such as Tivo to control the experience. In this environment, the old linear approach will no longer work. As a result, there is a shift from the linear approach to a "liquid" approach. In this nonlinear, fluid approach, marketers are more flexible and reach consumers in a wide variety of creative ways, including via digital media.
- *From authority to community.* A shift is taking place from "authority" brands to "community" brands. Previously, the goal of every brand was to build authority. But today people don't trust authority in government, religion, or brands; they trust other people—other members of a community. Thus, there has been a shift from authority to community.

American Express, for years a quintessential authority brand, provides an example. Amex realized that its authority positioning had become outdated. In response, the company created the "Members Project." Using digital media, this initiative enables card members to create, rate, and collaborate on charitable projects. The winning idea gets up to \$5 million of funding from American Express. Amex had to relinquish some authority and allow voting and online posting of ideas by the community. While the reach of the program could be improved, this effort has significantly changed the brand image.

- *International focus.* A key trend for marketers is to look internationally for growth. Some companies are doing this well; many others have much to learn. Marketing internationally can be very complex as every country and culture are different. It is challenging to find an idea that is simple enough to connect with different consumers around the world.

"International is a big opportunity for growth . . . but finding an idea simple enough to travel around the world is hard."

— Francis J. Kelly III

- **While some aspects of branding remain constant, brands today must be more flexible and respond to change.**

The old world of branding was characterized by rigidity and simplicity, such as the consistent presence of Mr. Whipple for years and years. While it is still important for brands to tell a simple, clear, and consistent story, today brand communications must change rapidly. For example, Nike's



brand remains consistent, but its communications change constantly.

With digital media, the clearer an idea is, the better it will work. But the real potential of digital is taking that clear story and then tailoring it to many different individuals. That tailored story can be powerful when it reaches people who are engaged and are searching for something they are interested in.

- **Amid all of the changes in technology, successful marketing is based on people and community.**

Advertising used to take a “problem-solution” approach, which was very rational and practical. Today, advertising is more focused on the emotions and humanity associated with products. In today’s era of relationship building, marketing needs to be more about people than product. It must be based on understanding people and their lives and emotions and then connecting with them.

“Ideas that work are more about people and less about product.”

— David H. Kenny

Part of the power of social networking technologies is the ability for marketers to facilitate connections between consumers with similar life situations (like cancer) and interests (such as fashion). By connecting people in a community, marketers have the opportunity to listen to people, better understand them, and build relationships with them. By taking a community-oriented approach, a brand provides a service to people rather than marketing to them to make a sale. To create communities that engage consumers, marketers have to give up some degree of control and take some risk. (Although Mr. Kenny argues that there is more risk by not acting.) Marketers must remember that people have more control than ever and that people have to come first.

“It’s not about consumers, it’s about us as human beings and what connects us.”

— Ann M. Fudge

- **The advertising industry infrastructure is also facing dramatic changes.**

The infrastructure of the advertising industry was created in the 1950s and has remained essentially unchanged. In contrast, the ways that marketers communicate with people have changed dramatically. Many in the industry feel it is time for “creative destruction” as the old structures that no longer work are broken down and rebuilt.

There are major parts of the advertising industry that represent significant opportunities for automation. Mr. Kenny estimated that as many as 25% of people in an advertising agency could be replaced with technology. And, some of these people may be replaced by new

technologies from companies such as Google and Microsoft. This will be a big change, but it is time for the industry to think about its own structural evolution.

“It is time for extinction. The infrastructure in advertising was created in the 1950s.”

— Ann M. Fudge

Other Important Points

- **Personal mobile devices.** Everyone is trying to figure out how to move marketing to the screen of personal mobile devices. While it is a high-potential advertising medium, there haven’t yet been clear successes. Mr. Kenny believes it will be a search medium, not a push medium.
- **Responding to the economy.** Ms. Fudge suggested watching how marketers respond to the economic crisis. Do they continue to run their standard advertisements? Or, do they adjust them, showing an understanding of and empathy for their customers’ situations? Watch companies like financial services firms and food marketers to see how they respond.
- **Sustainability.** While barely discussed, Mr. Kenny believes that there is a huge opportunity to connect with consumers in the area of sustainability.
- **Olympic brands.** The majority of the world’s top one hundred brands are American, but all of the panelists see a new crop of strong international brands emerging. A few brands such as LG received a powerful boost from the Seoul Olympics. Mr. Kenny predicted that the Chinese brand most likely to benefit from the recent Beijing Olympics is China Mobile.
- **Lessons from Obama.** The Obama campaign was a case study in great branding. The core messages of change and hope were consistent throughout the campaign. The website was highly engaging, and customized interactive communications kept people informed on issues of personal relevance.
- **McDonald’s is lovin’ it.** After years of struggling, in the past five years McDonald’s has enjoyed great success. The company has developed a clear, simple, and consistent message. While delivering this consistent message, the product line has been revised to become healthier, and in many instances has been localized, with wine in France and sushi in China.
- **Digital matrimony.** In India, 12% of the spending on digital advertising is in the matrimony category, outpacing the travel category. Individuals must use the online medium to create their own brands, with their marital fate often riding on their success.



Speaker Biographies

Youngme E. Moon (Moderator)

Professor of Business Administration

Youngme Moon is a professor in the Marketing unit at HBS. She teaches the Consumer Marketing elective in the MBA Program and in a number of HBS Executive Education programs, including Consumer Marketing Strategy, Strategic Marketing Management, and Marketing Innovative Technologies. Moon has received the HBS Student Association Faculty Award for teaching excellence in both first-year Marketing and her elective course on several occasions. She is also the inaugural recipient of the Hellman Faculty Fellowship, awarded for distinction in research.

Moon's research and course development focuses on innovative consumer marketing strategies. Her ideas have been published in numerous journals, including the *Harvard Business Review*, the *Journal of Consumer Research*, the *Journal of Consumer Psychology*, the *Journal of Experimental Psychology*, and the *Journal of Applied Social Psychology*. She has published case studies on companies ranging from Microsoft and Sony to Intel, and she consults with a range of consumer marketing companies in the area of innovation. She also serves on the board of directors of Avid Technology.

Moon received her Ph.D. from Stanford University. She holds an MA from Stanford University and a BA from Yale University. Before joining HBS, she was on the faculty at MIT. She lives in Brookline, Massachusetts, with her husband and two sons.

Ann M. Fudge, MBA 1977

Former Chairman and CEO, Young & Rubicam Brands

Ann Fudge is the former chairman and CEO of Young & Rubicam Brands, a global network of preeminent companies across the full range of marketing communications. Young & Rubicam Brands companies include Y&R (advertising), Burson-Marsteller (PR and public affairs), Wunderman (direct and database marketing), Landor Associates (brand consulting and creative design), Sudler & Hennessey (strategic health care communications), and Cohn & Wolfe (PR), among others.

Before Young & Rubicam Brands, Fudge served as president of the beverages, desserts, and Post division, a \$5 billion unit of Kraft Foods. She served on Kraft's management committee and has managed many brands, including Maxwell House Coffee, Gevalia Kaffe, Kool-Aid, Crystal Light, Post Cereals, Jell-O desserts, and Altoids. Before joining General Foods, she spent nine years at General Mills, where she began as a marketing assistant and rose to the level of marketing director.

Fudge serves on the board of directors of General Electric. She is a member of the Harvard Board of Overseers and a trustee of Morehouse College and the Brookings Institution. She also serves on the boards of the Rockefeller Foundation and the Council on Foreign Relations and is chair of the U.S.

Program Advisory Panel for the Gates Foundation. She was a recipient of the New York Executive Council's Ten Award, given for leadership and innovation in business, and was named one of *Time* magazine's Global Business Influentials.

Fudge has received the Matrix Award for Advertising from New York Women in Communications. Among her other honors are Leadership Awards from the Minneapolis and New York City YWCAs, an Alumni Achievement Award from HBS, an Achievement Award from the Executive Leadership Council, and a Lifetime Achievement Award from *Ebony* magazine. She has been profiled in *Black Enterprise* magazine, *BusinessWeek*, and the *New York Times* and named by *Fortune* magazine as one of the 50 most powerful women in American business.

Fudge received her BA from Simmons College and her MBA from HBS. She is married and has two sons and four grandchildren.

Francis J. Kelly III, MBA 1983

President and CEO, Arnold U.S.

Fran Kelly, president and CEO of Arnold U.S., is a self-described branding and integrated marketing fanatic. He believes in the power of big ideas intelligently executed and is proud to have helped dozens of clients find their big idea over his 25-plus years in the business. Kelly joined Arnold in 1994 as chief marketing officer and helped the agency shape its successful "brand essence" strategic and creative philosophy. In 1995 he helped Arnold's integrated team develop the now famous "Drivers Wanted" campaign for VW and helped lead that campaign from 1995 through 2002. Titleist, FootJoy, Ocean Spray, truth®, TAG, Jack Daniel's, Carnival Cruise Lines, Fidelity Investments, Citizens Bank, Reese, ESPN, McDonald's, Amtrak, and Hershey's are additional brand success stories he has been a part of at Arnold. Kelly became president of Arnold in 2002 and was named CEO in early 2006.

Kelly's career started at Young & Rubicam in 1978, where he worked on classic brands like Jell-O, Johnson & Johnson, and Warner-Lambert. Before Arnold, Kelly also worked at HBM in Boston and was a partner with David Lubars in building Leonard Monahan Lubars & Kelly in Providence, Rhode Island. Molson, Parker Brothers, Kinney Shoes, Keds, Polaroid, IBM, and Digital Equipment Corporation were among his brand experiences.

Kelly is a graduate of Amherst College and HBS and holds a seat on the board of the American Association of Advertising Agencies. He is the coauthor of *What They Really Teach You at the Harvard Business School* (1985) and *The Breakaway Brand* (2005). Kelly is a passionate speaker on the art and value of brand-building, a golfer, and the father of 21-year-old twins.

**David H. Kenny, MBA 1986***Managing Partner, VivaKi*

David Kenny is managing partner of VivaKi, Publicis Groupe's new entity, which leverages the digital and media assets of independent agencies Digitas, Starcom MediaVest Group, and ZenithOptimedia. He leads Publicis Groupe's overall digital and interactive strategy and is a member of the Publicis Groupe management board and its executive committee.

Kenny was chairman and CEO of Digitas for 11 years, leading it through years of evolution and growth to an industry-leading position in digital and direct marketing services. Digitas is helping the world's biggest brands develop, engage, and profit from building profitable relationships with their customers by pairing media, marketing, technology, creativity, imagination, and analytics to ignite emotional bonds between people and brands. Digitas also operates an independent health care marketing brand, Digitas Health, as well as Prodigious Worldwide, the world's only stand-alone global digital productions company.

Previously Kenny was a partner, eventually senior partner, of the global strategy consulting firm Bain & Company from 1991 to 1997. He was named to its policy committee in 1995 at the age of 33. Before his consulting career, Kenny held marketing and strategy positions with General Motors.

Kenny holds a BS from the General Motors Institute (Kettering University) and an MBA from HBS. He sits on the boards of directors of Akamai Technologies Inc., the Ad Council, the Corporate Executive Board, and Teach For America.