Chapter 8: Kapferer's Prism and the Shifting Ground of Brand Identity

ABSTRACT: Since the concept of branding first came into vogue in the 1990's, its practitioners have insisted that brand relationships are inherently reciprocal, and that the brand identity itself exists in the collaboration of marketers and consumers. But in practice, brand definition has largely been in the hands of marketers and has been transmitted through one-way vehicles like advertising. The social media arena provides the first practical means of true collaboration between marketers and consumers on brand definition. Just as human identity is increasingly defined by social relationships played out in virtual space, brand identity is increasingly defined by a decentralized set of networked perceptions and feedback mechanisms. Jean-Noel Kapferer's Brand Identity Prism, which holds that brand identity occurs in a nexus between corporate image and consumer perception, forms the basis for examining the profound shift in the power dynamic toward crowd-based brand identity. Consumers now exert far greater authority over brand perception in the myriad brand conversations taking place in social media, challenging the predominance of well-financed and distributed brand campaigns.

In conference presentations and webinars on the impact of social media on branding, I have titled my speech "Social Media Killed the Branding Rockstar." The title is meant as a tribute to the Buggles' pop classic "Video Killed the Radio Star," which ushered in a sea change in the music industry as the first video to appear on MTV. But it is also meant as provocation to the field of branding, which faces a sea change of its own with the growth of social media.

The notion of a "branding rockstar" refers to the emergence of branding as a dedicated and specialized marketing practice over the last two decades, which has in turn given considerable clout to agencies that claim ownership of the esoteric business of defining a company's brand identity. While

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the current recession has slowed investment in branding, no branding rock-stars have died as a result, and most of the implications of social media for branding are only just now starting to be realized. This chapter will examine those implications. In doing so, the question I wish to raise is not whether branding is still relevant – this would be, as I'll explain, like asking whether competition is still relevant – but rather how branding itself and branding practices will be fundamentally altered by the changes taking place in the media landscape.

8.1 Branding by Definition

I begin with an apology regarding how I need to begin: sorting through definitions in order to get at a topic can be a tedious business, but branding makes it essential. Perhaps no other term in the marketing world has suffered so much impoverishment of meaning from overly loose usage, though "ROI" is quickly gaining ground. To confess my own culpability in this degeneration: I must disclaim that my use of "brand" in past chapters is meant to refer to a company's public representation of itself as a player in the marketing game, and nothing more. In using the term, I make no claim regarding the success or failure of the company in achieving brand recognition.

Indeed, the marketing industry as a whole can't agree on what constitutes success or failure in achieving brand recognition, but examining those disagreements should get us closer to a usable definition. Two organizations – Interbrand and Millward Brown's BrandZ – run influential, competing annual rankings of top brands. BrandZ's methodology examines the company's financial worth combined with consumer brand loyalty data gathered with the company's own proprietary methods. Interbrand's methodology is more strictly focused on financial outcomes, even assigning a dollar value to key measures of brand loyalty.

The results are revealing of how we think about brands. Brandz and Interbrand rank Microsoft 2nd and 3rd, respectively. But the Brandz list puts Microsoft's much smaller arch-rival Apple close on its heels, at 6th place, while Interbrand ranks Apple all the way down at 20th. There is no question that Microsoft is much more ubiquitous; its software powers most of the world's personal computers, making its presence nearly inescapable. But "inescapable" may be exactly the right word; Microsoft has a virtual monopoly on PC operating systems, so for many consumers, there may be a very wide gap between using Microsoft products and feeling loyal toward Microsoft.

Apple, by contrast, appears to inspire much greater loyalty in its smaller customer base, as anyone who has been waylaid by a Mac fanatic and made to hear about its virtues can attest. Individual Apple devices like the iPod have inspired dozens of fan sites, while Microsoft's competitive Zune product receives no such comparable attention. I should acknowledge that neither ranking measures brand loyalty alone, but the greater emphasis on consumer attitude in the BrandZ formulation undoubtedly accounts for Apple's better showing on that list.

The Apple vs. Microsoft brand question illustrates the more fundamental question of what branding is all about: is it a matter of loyalty or ubiquity – or in the case of the two rankings, some combination of the two? Building ubiquity vs. building loyalty not only demands two different kinds of effort, they may at times be in inverse relationship to each other: Apple can command more loyalty by focusing on the needs of a more niche audience, and a previous chapter noted how Starbucks had a harder time maintaining loyalty as it gained ubiquity.

The question is essential, because the answer will to no small degree determine the future course of brands' use of social media. Based on the analysis offered in the previous chapters, it will come as no surprise that I come down on the side of defining brand primarily in terms of loyalty, and more particularly that brands' use of social media must focus on building loyalty rather than ubiquity. This is not to make an absolute virtue out of loyalty – focusing on ubiquity, even at the expense of loyalty, may at times be in a brand's self-interest – but rather to make a case for social media's role in branding based on what the medium can actually do. In other words, I intend to establish that brands that use social media to build brand loyalty will find the medium well-suited to their purposes, but the same cannot be said for brands seeking to use the medium to build ubiquity.

As evidence, I offer the many examples from previous chapters of brands engaged in accidental defection, prompting reciprocal defection from consumers, because they treated increased ubiquity in social media as an absolute good. Motrin was willing to be controversial, even at the risk of alienating its audience, in order to gain viral views. Target was willing – and then not willing – to pay for endorsements on Facebook in order to increase their exposure there. While the threat of consumer defection created by this overstepping is primarily a subject for the next chapter, my point here is to highlight how mixed definitions of brand success can lead to ill-considered use of what might otherwise prove to be a very powerful branding medium.

I believe most brands realize they'll get better results from Facebook, for instance, if they focus on nurturing the relationships that form there rather than signing up as many fans as possible. But these same brands face a perverse incentive to quantify; a *Marketing Sherpa* study showed that the inability to prove ROI is the second most common reason brands resist investing in social media. The burgeoning social media marketing industry has, with the best of intentions, tried to help marketers overcome that obstacle by formulating common success metrics for social media engagement, and these metrics are, obviously and unfortunately, quantitative in nature.

Thus we find a new contender lining up beside BrandZ and InterBrand in producing a brand ranking index. *Ad Age* commissioned the research firm Infegy to analyze the publication's top 100 brand list and produce a new ranking based on the number of positive/negative mentions for each across all social media formats – an emerging area of analytics known as "sentiment analysis." In this ranking, Apple shoots to the top of the list with 920,000 mentions in a month; Microsoft had 40 percent less in the same month. However, Microsoft had 79 percent positive mentions vs. 75 percent for Apple (Neff 2009).

Setting aside for the moment what is inherently specious about positive/negative sentiment analysis, the obvious problem is that any ranking based on quantity of mentions provides no insight at all into brand loyalty; Apple could top the list one month purely on the basis of having released a new operating system, and Microsoft could do the same the following month. It gets us no closer to understanding consumer cooperation in social media and its role in building loyalty. In fact, it is rife with perverse incentives to take the opposite course. In a given month, McDonalds could potentially create a huge surge in its social media mentions, all of them positive, if it released a coupon for a free Egg McMuffin through Twitter, and the marketer responsible could reap accolades for having taken McDonalds to the very top of the social media brand chart. But the impact of the free Egg McMuffin on brand loyalty, while it is not zero, is also nowhere close to what is implied by the #1 ranking. It is simply a way to game the system, because the system has easily exploitable flaws.

8.2 Branding as Reciprocal Relationship

To get to a more useful definition of branding – one that is consistent with what social media marketing can best accomplish – we have to go back to the way the discipline has been defined as a discipline by its main practitioners: branding agencies and corporate marketers in branding roles. Since branding first came into vogue in the early 90's, its practitioners have consciously sought to define it as something apart from advertising. Advertising could serve as a vehicle for conveying ideas about the brand, but it was not the brand itself. In hiring a branding agency, the brand is implicitly asking the agency to tell them who they are. The identity that emerges from that process is indeed expressed in the advertising, but it is also expressed in the corporate culture, customer service, signage, attitude etc. It is the brand's DNA.

This is why branding has succeed in defining itself as an estoric yet vital science – what could be more important than knowing who you are? When an agency tell its client, "Before we develop this campaign, we really need to focus on your brand identity," the client hears this as "This is all about to get a lot more expensive," and why not? If branding can do what it claims, it is a specialization akin to neurosurgery on the brand, as opposed to advertising, which would be more akin to cosmetic surgery.

But unlike surgery, in which the practitioner does all of the work, branding is highly reciprocal. The identity that the specialists develop must align with the expectations of the consumer, or the branding effort will fail. And here we get to a definition that I believe will suit our purposes in examining social media's role: *branding occurs when the company's projected self-identity aligns positively with the consumer's projection of the company's identity.*

Under this definition, we might reach very different conclusions about Microsoft and Apple than the leading indexes did. Microsoft appears to struggle greatly with aligning its self-definition with consumers – an inherent difficulty for a company of its size and breadth. Apple, on the other hand, appears so well aligned that its customers manifest a strong sense of ownership of the brand – a phenomenon I'll take up in more detail in a few pages. Apple's high degree of alignment has allowed it to branch into other areas – personal music players and phones, for instance – while holding on to loyalty and fulfilling customer expectations that the brand's core identity will translate into these new areas. Microsoft, by contrast, has not been able to define what is essentially and authentically "Microsoft" as it enters new arenas, and that is a material weakness: it means that customers will not automatically follow Microsoft into new ventures on the basis of its name, and that hurts the company's ability to diversify.

Indeed, one very useful way of examining the strength of a particular brand is to observe how readily customers will follow the brand into new arenas, and that includes social media. I noted in the last chapter how brands with high consumer engagement would pay a lower costly signal for participation in social media than brands with low engagement, and the same holds true for all of a brand's efforts to evolve with its customers. The CEO of Virgin, Sir Richard Branson, has led his company to a remarkably broad diversity of ventures under a very cohesive brand identity: the Virgin name is applied to everything from airlines to cell phones, and however different those industries may be, consumers have a sense that their experience of Virgin across these industries will have a common thread that is somehow quintessentially Virgin. Branson's perspective on branding is that it is implicitly contractual – a two-way relationship with each customer, based on a set of agreed-upon characteristics.

I suspect that most brand practitioners would agree with Branson's definition, though the implications of it may be more radical than many brands are ready to take on. If branding is a contract, it is reciprocal to an absolute degree; it is not something that the marketer transmits and the consumer agrees, but rather something that they actively agree on. In game theory terms, this would constitute a 4-4 equilibrium; each party gets exactly what they need from the other, with nothing left over. In this idealized contractual state, there would be no risk of defection at all, because all other outcomes are sub-optimal for both parties.

But this idealized state doesn't exist even for brands with high loyalty; as *Ad Age* and Infegy will tell you, Apple scores tens of thousands of negative mentions in the social media space, alongside many more positive ones. While that scoring out not to be treated as a complete measure of brand loyalty, any degree of consumer dissent has to be treated as something less than perfect synergy between brand offerings and consumer needs. So Apple still has to worry about defection, and Apple's customers still have to worry about whether the company is doing right by them in all cases.

The primary reason for the gap between the ideal and the real is that a 4-4 equilibrium requires significant coordination, as the chapter on coordinates games showed, and this in turn requires constant communication. And while branding by its purest definition is supposed to be a two-way street, it has by necessity been a mostly one-way conversation.

8.3 The Traditional Limits on Brand Engagement

What I mean is that in traditional marketing, a brand could not, for all practical purposes, maintain a continuous dialogue with its customers, and its ability to communicate its hoped-for identity was limited to a) its direct interactions with customers and b) mass-media channels, where advertising served as its vehicle. If branding is a contract, then branding's main delivery mechanisms are a very poor way of negotiating a contract. Entire campaigns may be built, rejected, modified, reassessed, etc., while the brand tries to keep pace with ever-changing consumer sentiment.

If traditional branding is a non-stop struggle between consumers and marketers to make themselves understood, but the potential payoff is a 4-4 equilibrium and the sort of loyalty that only a handful of brands inspire, then it is no wonder that well-regarded brand practitioners have achieved such vaunted status. But in practice, the toolsets have been limited. In traditional branding, brands could take the pulse of consumers through continuous primary research, such as focus groups and brand tracking surveys, they could focus on imbuing their brand values throughout their corporate culture, to ensure that every customer touchpoint remained true to the brand identity, and they could ensure that their advertising powerfully expresses the brand values that the research indicates it should. This is, to all practical purposes, what a full-scale branding effort does. And these are worthy activities that are in aid of equilibrium, but the gap between the ideal and the real remains.

Advertising has some insurmountable weaknesses as a branding vehicle, if one accepts the mutual, reciprocal, and contractual definition of the term. As I established in Chapter 3, advertising is *inherently* sub-optimal; in general, consumers would prefer not to be advertised to, and marketers would prefer not to spend money on advertising. It is merely a compromise between consumers' need for free content and advertisers' need to reach consumers. The minimax/maximin arrangement limits advertising's ability to tell a brand story; a minimum requirement for good storytelling is an audience's willingness to listen.

While some brands excel in the use of advertising in a way that at least partly overcomes these weaknesses, many brands that excel at building brand relationships do so with very limited advertising. In fact, I will argue that in such cases, *the lack of advertising is implicitly part of the brand contract.* In other words, not advertising becomes a way of cooperating. I am thinking of brands like Harley-Davidson, which has become legendary in marketing circles for achieving rabid brand loyalty and significant market growth with virtually no advertising spending. It has focused instead on cultivating its owners' groups. And as previously noted, Starbucks has eschewed significant advertising in favor of developing its in-store experience. Starbucks' locations are ubiquitous enough that further exposure through increased advertising is unlikely to make a significant impact on awareness and even less on loyalty. In fact, if Starbucks' biggest danger in its customer relationships is appearing too corporate, then increased advertising would run the risk of exacerbating that problem.

Advertising has limitations as a branding vehicle, yet at the same time, branding does need its vehicles. It is not a passive process, this negotiation of marketer-customer contracts. Both Harley-Davidson and Starbucks substituted other customer-centric activities that helped build their brands. So what other options does a brand have?

By now you have surmised that I am stacking the deck against what traditional branding can accomplish vs. its stated claims in order to set the stage for what social media can potentially accomplish in the branding arena. But I don't believe social media is any kind of panacea for the fractures between brand goals and marketing vehicles. Rather, it represents both an opportunity and a threat for brands, and the outcome depends on how consumers exercise their new-found authority in the branding arena, and how marketers cultivate those brand relationships.

8.4 Consumers Assert Brand Ownership: Nike

I'll begin with two examples that illustrate the change that has occurred, and how a single instance can be both an opportunity and a threat, depending on the brand's response. The first is a minor but telling one: in 2007, two brothers launched an online petition to convince Nike to design and release a pair of basketball sneakers based on the ones worn by the "Marty McFly" character in the film *Back to the Future II.* The *Back to the Future* film series is iconic among Gen-Xers nostalgic for 80's style, and the petition quickly grew to 50,000 signatures. 50,000 shoe fans are a force to be reckoned with, but Nike controls 85% of the domestic basketball shoe market, so by any purely quantitative measure, the shoe giant could afford to ignore the McFly petition (McCall 2007).

But they chose not to ignore it. Instead they developed and released the shoe in 2008 as a limited edition, to the delight of the petitioners. The story of the brothers' triumphant effort got picked up in major media outlets, and Nike scored a PR coup.

This type of consumer empowerment story has become so commonplace in social media that it's easy to overlook the deeper implications of the trend. We are now in an era when a consumer seeking to dictate terms on what a company should design and sell not only has a reasonable chance of being heard, but an outside but still reasonable chance of having their wishes fulfilled. This the notion of "brand" is entirely caught up in what a company sells, we are witnessing in the Air McFly incident just one of many ways in which consumers end up working side-by-side with marketers in the brand laboratory.

Nike deserves full faith and credit for letting the consumer into the marketing laboratory to collaborate on the project. But I must also point out that Nike risked very little in the collaboration. The petition had more than

50,000 signatures; Nike released 1,000 pairs of the shoes (Sosa 2008). One would not need a complex formula to calculate that the shoes would quickly sell out and become collectors' items, as they did. It was an instance of 4-4 equilibrium in the brand collaboration game.

The Air McFly incident clearly exemplifies the *opportunity* aspect of increased consumer empowerment in branding, but what about the *threat*? I believe the threat comes from expectations thwarted or fulfilled. This threat is lower for Nike because they're practiced at this form of consumer engagement; they can easily produce limited-edition shoes, and they do so primarily as a loyalty-building tool anyway, rather than as a key revenue driver.

But I find this threat implicit in the surprisingly jaded response that the new shoe elicited in some circles. The influential gadget blog Gizmodo announced the shoe's arrival under the headline, "Nike *Finally* Releasing Back to the Future Part II McFly Sneakers, *Sort Of*." (emphasis mine). The article is a case study in consumer righteousness. It complains that fans had been clamoring for the shoes "for years" (the period between the start of the petition and the shoe's *release* was actually about one year), and that the shoes were not direct replicas but were merely inspired by the movie. The essayist huffs that "It's a start," but declares that he will hold out "for the real deal" (Frucci 2008). So the expectation remains unfulfilled.

Such a sense of entitlement is easy to make fun of, but as part of a larger trend, it also demands to be taken seriously. Nike's sneaker rival Adidas is the target of an online petition – with nearly 5,000 signatures and counting – demanding that the custom Adidas sneaker featured in the Wes Anderson film *The Life Aquatic with Steve Zissou* be produced for purchase (Wloszczyna 2009). Adidas has not said whether they'll produce the shoe. If Adidas does not develop shoes demanded by online petitions, and Nike does so, does Adidas' lack of compliance alter their brand stance? If an otherwise highly collaborative brand doesn't comply with demands for new products or product changes, or even in the case of Nike and the Gizmodo blogger, if the compliance isn't total, does this constitute an act of defection, with negative consequences? These are the difficult question raised by this new branding arena.

8.5 Consumers Assert Brand Ownership: Apple

It could be argued that while these shoe petitions do demonstrate an unprecedented degree of consumer empowerment, they don't penetrate very deeply into brand territory; after all, it's not as though consumers tried to *design* the shoe themselves. Enter our next example, the inescapably popular Apple iPhone. The phone is known for its rabid fan base, but the striking thing from a brand control perspective is that it acquired a portion of that rabid fan base before the phone had even been released. The phone was announced in January 2007 but not released until June 2007, and in that time period, Apple fans asserted an astonishing degree of brand ownership. Dozens of blogs popped up containing nothing but speculation about the new phone, but most striking of all were the user-generated prototypes. Fans developed their own prototype designs, rendered in pain-staking detail, based mainly on their aspirations for what the new phone should be. The design concepts range from the sophisticated to the sublime, and many are archived on the blog appleiphone.blogspot.com.

Once again, the opportunity is obvious; the threat, less so. The speculative prototyping by Apple's fans was all in good fun, and it contributed to the excitement that led to the sale of as many as 700,000 of the phones on the first weekend after its release. If one of the primary goals of good branding is brand evangelism, i.e., the willingness of loyal customers to advocate for the brand of their own accord, then Apple achieved that here as well.

But as with Nike, Apple is being handed a higher standard for consumer engagement. While the Apple fans who developed the prototypes wouldn't actually expect their ideas to become part of the phone's design, their efforts function as a signal to the brand that the customers want a seat at the table – not merely at the product feedback table, but at the brand definition one. For an engaged brand like Apple especially, the newly empowered consumer expects to become part of a continuous feedback loop about the brand direction.

Again, this seemingly revolutionary concept is consistent with a decades-old, widely accepted notion of branding as a deep collaboration between marketers and consumers. The difference is that this notion was an idealization of a relationship that was mostly a one-way conversation: lots of output from marketers, and little bit of input from consumers. That inequity has now been removed, and marketers must now ask themselves whether their ideal can withstand the shock of the real. If branding is truly now a two-way conversation, is it one that marketers should want to have?

8.6 Kapferer's Prism

To answer that question, we need a theoretical model to help explain how the two-way conversation should work. For this, I need to reach outside of game theory (but not to worry; I'll reach right back in) to some of the original conceptual work on branding.

In 1992, the French marketing theorist Jean-Noel Kapferer introduced an explanatory model for branding that involved a multi-faceted prism, now popularly known as "Kapferer's prism." The model is a direct expression of branding as a collaboration between marketers and consumers (Kapferer 2008).

In Kapferer's model, brand identity takes place in the territory mutually established between a source (the marketer) and the receiver (the consumer). A brand has both a physical dimension (actual products and people, as shown on the left side), and an emotional dimension (the brand's idea of itself, and the consumer's idea of the brand, as shown on the right.) The top and bottom portions of the prism are merely what each side brings to the table: Nike brings its Air McFly and the retro-hipster personality that accompanies it; the sneaker fan brings themselves and their idea about themselves as a retro hipster. The brand's identity – as it pertains to this particular customer and product, not necessarily to Nike as a whole – takes shape in the place where Nike and the sneaker fan meet, agree upon the shoe's relationship to the customer's idea about themselves, and agree on a set of shared values. If the collaboration is successful, a relationship is formed around these shared values, e.g., we both love great footwear, we both love retro style, we both think sneakers should be an outlet for self-expression and individuality, etc. Kapferer's model is therefore highly consistent with Richard Branson's aforementioned definition; it suggests a contract in which both parties are equally represented.

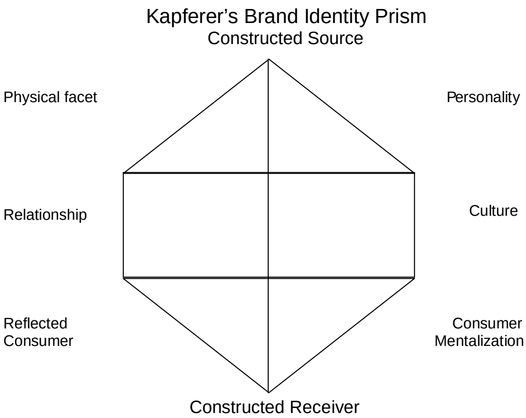

Figure 4: Brand identity prism

Kapferer felt that marketers' main difficulty in working within the terms of the prism was their ability to separate the audience as a target vs. the audience as a reflected consumer. As a target, the consumer is merely a representative of the people who want to buy the product, e.g., 15-34 year-old males; this is useful for media-buying and not much more. A reflected consumer, by contrast, is an expression not of what the audience *is* but of what they *want to be*. It is aspirational. In Kapferer's model, the marketer who focuses on the reflected consumer rather than the target is able to tap into the deeper emotional needs that the brand can fulfill, and consequently that marketer will succeed in forming a brand relationship and successfully signaling a cohesive, relatable identity.

The traditional weakness that Kapferer uncovered stems not from marketers' lack of understanding of how branding is meant to work, but rather from marketer's lack of insight into consumer mentalization. Uncovering latent desires is difficult and specialized work; thus we see the emergence of the specialized brand agency on the heels of the Kapferer model. Going after a consumer's stated preferences isn't enough, because in psychoanalytic terms, the consumer's actual preferences may be hidden to themselves.

8.7 Rapaille and the Brand Imprint

The market researcher Clotaire Rapaille is famous for his unique methods of uncovering latent desires and translating them into brands. His "imprinting sessions" with potential customers borrow from psychoanalytic practices in stripping away the layers of participants' conscious desires, in order to get at the "imprints" that were formed in childhood. For instance, he persuaded Chrysler to return to round headlights on their new line of Jeeps, because he discovered that people imprinted on the idea of a Jeep as an animal, like a horse, and subconsciously felt that the Jeep's grill needed to be more face-like.

In practice, most brands don't have a Clotaire Rapaille mapping out the territory of consumer mental models. They rely on field research, focus groups and other feedback loops to create a cycle of trial-and-error that, ideally, moves the brand toward the territory of shared cultural values with their consumer. Getting there not only requires the brand to do the tough work of accurately uncovering the consumer's mental model, it also requires that they do so without the kind of interference that so often muddies the waters in complex organizations. If Rapaille had discovered something vitally and verifiably important in the notion that Jeeps should have round headlights, that insight could still have crashed into the prejudices of a Chrysler executive who insists that he or she could never accept the outdated styling of round headlights.

I am belaboring the notion of branding as a delicate dance because, of course, we have a science devoted to delicate dances in game theory. While the tools used may be unique to the field of branding, the process of iteratively uncovering and agreeing to a set of brand qualities – that is, the processing of mutually executing the brand contract – is nothing more or less than a coordination game like the stag hunt. As I've stated, the idealized outcome of proper branding is indeed a 4-4 equilibrium, where consumers relate to the products and brands that map to their aspirations about themselves. Both Chrysler and the car buyer are hunting stag if the headlights – alongside myriad other brand signifiers – fulfill both Chrysler's aspiration to sell more cars and the consumer's aspiration to own a vehicle that makes them feel wild and free.

8.8 The Limitations of Traditional Branding

In traditional branding, then, the marketer faces two main challenges in getting to that 4-4 equilibrium: 1) a complex coordination game that involves uncovering latent desires and aligning a large organization behind the fulfillment of those desires, which is an *information* challenge, and 2) a partial reliance on sub-optimal delivery mechanisms, i.e., advertising that consumers prefer to avoid, which is a *delivery* challenge. Of course, if the marketer resolves the first challenge, it makes the second challenge somewhat easier; consumers respond positively to advertising that aligns with their idea of themselves, though they would still prefer to avoid the advertising in an optimal scenario.

The traditional model is based on a certain amount of passivity on the consumer's part: one can envision the consumer parked in front of a television set, absorbing branding signals with each ad, and counter-signaling only with their wallet when they go to make purchases. As I've begun to outline with the Nike and Apple examples, we are entering an era in which this traditional vision has been replaced by one of active and engaged consumers whose input on the brand goes far beyond purchase data and the occasional focus group into sometimes strident demands for how the brand should behave.

Thus the new, social media-based branding territory that I've begun to outline may have the potential to resolve branding's traditional challenges. The *information* challenge is answered by a vast sea of consumer data in the millions of brand conversations occurring in social media each day. The *delivery* challenge is answered by the opportunity for brands to engage with consumers directly on their own terms in social media forums. But these answers are not perfect; they bring significant coordination challenges regarding how brand data is processed and how online brand communities are engaged. I'll take up each of these two topics – processing the new brand data, and engaging new brand communities – in order.

8.9 Introducing Brand Monitoring

The brand-related conversations in the vast sea of social content is indeed uncharted territory, but serious efforts are underway to chart it, or at least to provide navigational tools so that marketers can chart it on their own behalf. The last three years have witnessed the rise of the "social media monitoring tool," often referred to as the "brand monitoring tool." As of this writing, approximately 8-10 major providers are vying for dominance in this space. It's a daunting task, because it will require that the firm or firms that emerge as the top players establish a common currency of measurement that its audience of marketers will accept.

The current climate is reminiscent of the emergence of Web analytics tools a decade ago. Today there are only a handful of dominant players in Web analytics – principally Omniture, WebTrends, and Google Analytics – and while there are variations in data collection methodologies across these dominant players, the primary metrics that marketers care about are shared across all of them. It's not quite the level of standardization of, say, VHS or DVD, but it's as close as marketers generally get to agreeing about anything.

Brand monitoring tools are probably several years away from this level of standardization, but some standards have already emerged. The tools are essentially specialized search engines, allowing for keyword-based searches across a broad spectrum of social venues. A brand like Coca-Cola would, for instance, get a broad measure of its level of social media brand conversations by searching for "Coke" or "Coca-Cola" on one of these specialized engines.

With some competitive variation in terms of which specific social venues get indexed, all of the major players include the expected social networking venues: blogs, forums, networks, video channels, etc. To varying degrees, the tools allow marketers to slice and dice the data to their purposes, by uncovering key topics (again, based on keyword density) and allowing marketers to trace the thread of specific conversations over time.

The two very broad metrics that have already emerged as near-standards across providers – and more importantly, among marketers – are 1) number of brand hits, and 2) the ratio of positive to negative sentiment in brand hits, known as "sentiment analysis." You'll recall that these two metrics were the basis for *Advertising Age's* indexing of the top brands in social media, so their credence is gaining wide acceptance.

Both metrics are appealing – what brand wouldn't like to know at a glance how popular they are? – but both are problematic. The first metric runs up against my perpetual gripe against quantification, because it treats the number of brand hits as an absolute good. The perverse incentives in this metric are obvious, as I noted earlier with the Egg McMuffin hypothetical scenario. One can readily envision a marketer spamming his/her social network venues in the week before a quarterly report is due in order to boost the raw numbers in this all-important new medium.

The second metric, sentiment analysis, is meant to be a hedge against raw quantification: it suggests that what matters is not simply raw hits, but the level of positive brand affirmation within those raw hits. Good branding efforts would presumably cause the ratio of positive and negative hits to move toward the positive. There are several problems here. The first is that most insightful brand sentiments don't fit neatly into black-and-white categories. A consumer might say, "I like the new Jeep, but the round headlights feel outdated to me." It's a very useful piece of data, unless it's being forced into a bifurcated system, where it appears ambiguous at best.

And that raises the second problem with sentiment analysis: because of the sheer quantity of brand content in social media, most of the providers use "machine analysis" to assign sentiment. In other words, the search engine looks for the recurrence and density of certain terms (such as "like" and "hate") that are deemed to be indicative of sentiment, and they categorize the results in that way. The majority of results are not conclusively positive or negative, and they end up in an "other" category.

As one would expect from any machine-based effort to understand the subtleties of human emotions, sentiment analysis can produce odd results. In a presentation of the limits of this type of analysis, I demonstrate how one monitoring tool showed similar ratios of positive to negative sentiment for both "Chicken McNuggets" and "bird flu." Since many people like Chicken McNuggets, but no one seems to like bird flu, this outcome seems a bit flawed.

To be fair, monitoring providers acknowledge that sentiment analysis requires human validation. The most expensive solutions include a degree of human analysis; they take a sample of the data set, screen it with their own linguists, then apply those results to the entire data set.

I am for the moment dwelling on the toolsets for measuring conversations rather than the conversations themselves because I believe that marketers' use of these tools will greatly influence the future course of brand engagement in social media. To regard brand monitoring as a mere tactic within the more substantive work of brand engagement is like treating Google as a mere search tool, rather than as the lens through which so much of the Web comes into focus.

As brand conversations grow exponentially, the need to make sense of them and their impact on branding efforts will grow proportionally. In this environment, brand perception can shift more rapidly than occurred in the more controlled environments of traditional advertising and direct customer experiences. Even a highly engaged brand like Target can impair a hard-won reputation with a handful of minor missteps.

In these rarified circumstances, brand monitoring is a critical component of the coordination game. Recall that a coordination game starts from a basis of imperfect knowledge about the other player’s moves and tries to overcome that information gap by anticipating the other’s actions. Any information on the other player’s preferences and predilections – where they prefer to do their stag hunting, for instance – increases the game’s chances of success.

Brand monitoring helps to fill that information gap in two important ways: it provides fertile ground for *ethnographic analysis* that gets the marketer closer to understanding the hidden needs and motives of the other player, and it helps the marketer to anticipate preemptive acts of defection that threaten to derail the coordination game and trigger the dreaded death spiral. I’ll consider each of these roles in turn.

8.10 Brand Monitoring and Ethnographic Analysis

Ethnographic analysis is one of the tools that brand marketers have borrowed from cultural anthropology; it involves *in situ* field analysis of the subject in order to observe their real-world behaviors around the brand outside of the artificial constraints of the focus group. Its appeal to brand specialists lies in its ability to uncover first-hand the spontaneous, unprompted, unrehearsed behaviors of real people interacting with products. One can easily imagine, for instance, that spending a month riding with a local chapter of Harley riders is infinitely more useful to the coordination game than sitting down with a group of bikers around a conference table in a test lab. But the former may also be prohibitively expensive and time-intensive for the brand to undertake, assuming it is even possible for the brand marketer to participate in a way that doesn’t taint the results.

Online ethnographic research has some advantages. It cannot, admittedly, provide the visceral experience of real-world, unfiltered brand interactions, but it is unfiltered nonetheless. A brand marketer who spends an hour a day for a month observing the online interactions in a Harley's owner group stands to gain a wealth of unfiltered insight on what the brand is doing right or wrong; multiply that by the number of viable owner group social networks, and the brand has quickly exceeded what it could achieve by a far more anecdotal field study conducted through a "real life" social media group. Any marketer who has spent time absorbing the wincingly frank and honest brand input that occurs in forums that *aren't* run by the marketer can appreciate the qualitative difference in the feedback in comparison to a focus group.

Take the example of Cuesta Verde and their pricing problem. In a focus group setting, a participant might raise cost sensitivity as an issue, but there could be good reasons not to do so: the participant may wish to avoid the appearance, in front of their peers, of being willing to skimp on the care they provide to their aging parents, or they may simply latch on to other issues that are dominating the group discussion, in the classic problem of cognitive dissonance. Cuesta Verde may then falsely conclude that they don't have a pricing problem. Their failure to recognize the issue and to address it in their brand positioning – by emphasizing value for the investment, for instance – may entirely prevent them from achieving the 4-4 equilibrium of a successful coordination game.

If the ethnographic component of brand monitoring is so crucial to the coordination game, why have so few brands adopted the practice? I believe it is mainly because organizational structures have not evolved sufficiently to take advantage of this changing brand environment. Brand monitoring falls to digital marketers simply because the medium itself is digital, and brand marketers remain mired in traditional methods. Digital marketers are more apt to try to quantify rather than qualify what's occurring in brand conversations online, because that is the predilection of their discipline, and the means by which they evaluate success. When digital and brand marketers finally collaborate on uncovering brand conversations and mining their content for insights, the true value of brand monitoring can be realized.

8.11 Diffusing Defection through Brand Monitoring

In the meantime, though, the second contribution of brand monitoring to the coordination game remains well within the grasp of every marketer: the ability to anticipate and diffuse preemptive acts of defection by angry consumers. When the Motrin backlash unfolded over the course of a weekend, many social media marketing commentators savored the opportunity to offer analysis of the barn door after the horses had escaped, i.e., they noted how the spiral might have been prevented with a good brand monitoring process.

It could be argued that incidents like the Motrin Moms are PR crises, not brand crises, because they usually occur in reaction to a specific provocation, which is the sort of thing that PR firms trained in crisis management are especially adept at handling. And indeed, there is ample cause for involving PR teams in the "first alert" chain for erupting brand crises, especially as such incidents reach the ear of major media, as the Motrin incident did. But I will argue that the brand impact is just as important, because backlash lives on as indexed content, a kind of permanent blemish on a brand's online reputation.

The endurance of negativity is one of the great challenges of the contemporary brand coordination game, and it underscores the need for brands to be fully engaged in the medium. Consider a point of contrast: the Jack-in-the-Box fast food chain nearly went bankrupt in 1993 after an *E. coli* outbreak in its restaurants killed 4 children and sickened hundreds of customers (Martin 1998). But the incident occurred in the pre-Web era; today the chain is thriving, and a Google search on the brand returns no specific hits on the incident in the first page of results. On the vastly more trivial subject of Motrin's lightly mocking video, by contrast, a Google search returns a link to the offending video in the top 10 results, under the headline, "Controversial Motrin Moms Commercial," even though the video only "lived" for a few days. The stakes of the coordination game have changed.

In light of these high stakes, monitoring social media for eruptions of negativity is an essential function for brands to take on, but there is a real danger that the high profile of such incidents will stoke unwarranted fears among brand marketers regarding social media engagement. In practice, most of the activity that has been classified under the "brandjacking" umbrella does not rise to the level of a PR crisis. The brand monitoring service MarkMonitor issues an annual report on brandjacking; they reported nearly half a million incidents in 2008, but more than 400,000 of these were simple acts of cybersquatting, i.e., registering a social media outlet under a brand name for which one does not own the trademark. Less than 2% of the incidents actually involved the use of offensive content (MarkMonitor 2009).

In practice, brands have been very successful in invoking trademark laws to protect themselves when brandjacking occurs. In one notorious incident, a Twitter user known only as "Janet" represented herself as a spokesperson for ExxonMobil and answered questions on the company's behalf for several days before the company invoked their trademark and prevailed on

Twitter to shut the brandjacker down (Diaz 2008). But the more interesting cases are the ones in which brands adopt a "TIT FOR TWO TATS" strategy by tolerating acts of brandjacking. Starbucks has been the target of several brandjacking incidents, including a fake ad in which a young woman enthuses about Starbucks' Frappuccino beverage before cheerfully pointing out that the cost of a Frappuccino could feed a child in a Sudanese refugee camp for a week. Social media observers predicted swift legal action, but Starbucks has apparently refrained; the video remains on YouTube after 3 years, with over 200,000 views.

Without being able to ascribe specific motives to Starbucks in dealing with such incidents, I will nevertheless argue that forbearance is a smart strategy that furthers the goal of the 4-4 equilibrium. Even if a brand succeeds in having critical content removed – an outcome that is by no means assured where satire is involved – the incident's fallout and the reams of meta-commentary that it generates live on indefinitely. Forbearance sends the signal that the brand is strong enough to take it, and that their participation in social media is a matter of taking the bad with the good. Anyone who visits YouTube to watch the Frappuccino satire is also presented with links to much more reverent user-generated videos about Starbucks, including one in which Starbucks fan successfully visits all 171 stores in Manhattan in a single day. The video has been viewed nearly twice as often as the satirical one.

The best antidote to brandjacking is not a monitor-and-respond strategy, though it is infinitely better than doing nothing, but rather an engagement strategy. Here I am invoking the well-established prisoner's dilemma strategy of cooperating on the first move and being tolerant of initial acts of defection. The temptation to brandjack a company – at least in the instances that go beyond mere squatting – stems at least in part from the perception of a large brand as monolithic, unresponsive, and unassailable. It's a lot more fun to go after a player that deserves to be taken down a few pegs; this has been a basic rule of satire since the ancient Greeks.

Companies that are highly engaged in brand conversations through social media don't necessarily shield themselves from brandjacking; they merely defuse its explosive potential by shifting the weight of the conversation toward the positive. For instance, the Venezuelan-owned oil and gas company CITGO has been the target of repeated and vehement denunciations in social media because of Venezuelan president Hugo Chavez' anti-American rhetoric. The company's response has been, in part, to create an online user-generated content contest that rewards participants for acts of charity within their communities. Notably such a strategy does not at all attempt to engage the Chavez issue directly; rather it simply seeks to start a different, more positive conversation, and to put company resources behind driving that conversation forward. Thus the effort has been effective not in making the Chavez comments disappear – no social strategy can accomplish that – but in diluting them within a larger conversation about the company's efforts to reward good deeds.

8.12 Crowdsourcing Brand Identity

But as I noted earlier, brands can go much further than merely defusing negativity in this new brand environment. If a well-coordinated brand, by Kapferer's definition, involves direct collaboration on both the brand's physical artifacts and its emotional content, then social media may the *first* medium to make this level of collaboration authentic, practical, and perhaps even necessary to the brand's success. Brands have never before faced the *threat* posed by volumes of permanent and direct brand feedback, and they have never before faced the *opportunity* posed by volumes of permanent and direct brand feedback. It is primarily a matter of how the coordination game is played.

So how should the game be played? In presentations on the subject I have likened the traditional branding process to the ancient practice of building a fortress in the jungle: the jungle must be cleared and the fortress built at great cost and labor, in defiance of nature's encroachment. The fortress must be solid and imposing, and the jungle must be continuously beaten back. The brand, once created, must be promoted so that it rises above the surrounding din, and it must be defended so that it remains inviolate.

The problem is that fortresses are prone to decay. They are an imposition on the landscape, not a natural part of it, and as such, their upkeep requires greater effort for less reward as the jungle asserts itself.

The new branding process that's best suited to the evolving landscape? *Be the jungle.* Learn its ways. Adopt an organic approach that first asks the question, what thrives here? What germinates and grows? The resultant brand will be less singularly imposing because it will be diffuse; it will adopt to local conditions while maintaining its core DNA. It will spread everywhere, without fear of decay. The brand will grow out of the environment but remain conversant with it.

If I haven't hopelessly entangled my argument in the jungle metaphor, let me attempt to literalize it with real-world examples. I believe the best evidence available for the evolution of this new way of branding is the collaboration between marketers and consumers in user-generated content, specifically the crowdsourcing of brand strategy.

Of the many forms of user-generated content now flourishing on the Web – a category that includes product reviews, videos and photos, personal blogging, fan fiction, etc., just to name a few – consumer participation in brand contests is among the most prominent and prolific forms. (I'll refrain from labeling all of this activity "crowdsourcing," because I believe crowdsourcing of brand identity occupies a narrower space, as I'll explain). In any case, consumers show a strong predilection for online activities that serve as an outlet for their own personal expression of a brand's identity.

This eagerness will not be surprising in the broader context of consumer empowerment that I've described in this book; consumers increasingly expect to be granted a high degree of input on branding, especially in the case of collaborative brands that have paid that costly signal. But brand interpretation also has a more deeply rooted appeal. If you accept Clotaire Rapaille's argument that a successful brand taps into latent desires, then asking consumers to exercise their creativity about brand identity is a double-win for the consumer: they get the pleasure of creative exploration, coupled with the pleasure of wish-fulfillment in making the brand conform to their desires. In other words, it's fun to come up with a catchy beer slogan; it's even more fun if the slogan creates a connection between your lived experience and your favorite beer.

The pleasure of this activity is the hidden incentive in cooperation. Without that incentive, consumer participation might seem illogical: why should the same consumers that take pains to minimize exposure to advertising also take pains to participate voluntarily in ad development? It's useful to remember that consumers unquestionably *want* relationships with brands; they just want them on better terms. This kind of brand collaboration provides those terms. The reciprocal benefit to the marketer is also a double-win: increased consumer loyalty, and valuable branding content that the marketer can actually use.

That last part – using the content – turns out to be the biggest hurdle for brands to leap, but it's also the most important factor in a successful coordination game. Brand-focused UGC may in fact be the most revolutionary tool that social media offers the marketer, but most marketers will not tap its full potential. The more typical scenario is as follows: suppose you are a well-known fruit juice manufacturer with a tried-and-true brand formula. In order to "activate the base," your run an online user-generated-content contest and ask users to submit new ad designs and taglines. You get a wealth of thoughtful responses, including some truly break-out creative. You post some winners and give out some prizes.

This is a perfectly legitimate use of UGC, but it is limited in its utility. The consumer recognizes that their participation is conditional, limited to the contest itself; they're not really involved in the creation of brand artifacts, since the material they create won't live past the contest. The incentive for cooperation doesn't extend much beyond the value of the potential prize. What if instead you ran the ads that consumers had created? What if you started a conversation with your newly recruited brand stewards, soliciting their feedback on new products and campaign ideas? Doing so greatly raises the incentive for cooperation; the consumer then has a true stake in the brand's success.

Taking this final step makes marketers nervous. It's one thing to let consumers into the brand laboratory; it's quite another to let their newly created brand monster break out of the lab and trundle off toward the village. Who's going to explain the crowd of angry torch-bearing villagers to the CEO?

This is why the first brands to engage in this level of brand collaboration are the ones that can afford to pay the costly signal for participation; again, these are not the brands with the largest branding budgets, but the brands with the best track records of collaboration. My own experiences as a marketer include a set of contrasting cases that illustrates this point: I helped to develop UGC promotions for both Columbia Sportswear, a large manufacturer of outdoor clothing with a wide consumer base, and its much smaller subsidiary, Mountain Hardwear, which caters to a loyal core of outdoor enthusiasts. Columbia's UGC content did not live beyond the promotion, but Mountain Hardwear's did, because their tighter brand collaboration lowered the cost of participation.

Mountain Hardwear's contest allowed participants to create their own Mountain Hardwear print ad, using their own words and photographs within a loose template provided to them. Because many of the brand's constituents are possessed of both great adventure stories and the photos to prove it, the contest produced ads that were of comparable quality to professionally produced ones. This is fortunate, since the winning ad ran as a paid advertisement in *Rock & Ice* magazine, as a testament to the brand's commitment to collaboration.

Mountain Hardwear's culture of collaboration is reminiscent of the Vermont-based ice cream maker Ben & Jerry's, whose reliance on consumer input to shape the brand is *itself* a crucial part of the brand's identity. The company's ice-cream line-up contains several consumer-developed flavors and product names; a recent "Do the World a Flavor" contest invited participants to participate in the company's social responsibility efforts by concocting a new ice cream from fair trade ingredients. Far from compromising the company's brand identity, collaboration has helped the company to preserve its culture and its loyal following after the company's acquisition by the consumer packaged goods giant Unilever in 2000; loyal customers would be hard-pressed to identify any diminishment in their relationship with the brand following the change in ownership.

Now that the payoffs for the brand coordination game have been established in the marketplace, we see larger and more traditional brands following suit and collaborating directly with consumers to develop brand artifacts. One of the more interesting phenomena within this movement is that of traditional brands capitalizing on consumer nostalgia for a bygone era of advertising. In 2008, McDonald's observed the 40th anniversary of its Big Mac sandwich by inviting customers to submit new versions of the brand's iconic Big Mac jingle (Johannes 2008). In doing so, McDonald's was tapping into a large vein of nostalgia – the jingle was introduced in 1974 and was ubiquitous on network television for many years – for a period of retrospective innocence in consumer advertising, when a smaller number of advertisers dominated a much smaller media market.

This may be somewhat blind nostalgia – consumers preferred to avoid advertising then as they do now – but it is also an honest reflection of consumers' desire to reconnect with iconic brands, if they can do so on their own terms. For a new generation of consumers not previously exposed to "classic" advertising, the appeal of a jingle competition is simply the fulfillment of expectation; from their perspective, it is perfectly natural to be asked to collaborate.

In a similar spirit, Dunkin' Donuts announced a campaign to remind consumers of the company's heritage in, well, donuts. (Ironically, donuts have not been a focal point in the company's advertising for more than a decade). The campaign included an opportunity for users to create and brand their own donut (using a provided list of ingredients), which would then be sold through the stores (Odell 2009). Heinz launched a television ad competition that tapped consumer nostalgia for the classic Heinz ketchup ads of the 1970's; the winning ad and four runner-ups ran as paid advertising on cable networks. An astonishing 2,000 video entries were received, many of comparable quality to professionally produced spots.

Most significantly, the contest gave participants *carte blanche* in exploring the brand's dimensions, and the winning ads showcase a range of expressions of the brand's importance in consumers' daily lives. The winner received a $57,000 prize, and the runners-up $5,700 each – a fraction of the cost of a professionally produced spot, over and above the brand loyalty generated and reinforced through the process.

In my judgment, these moments of collaboration, when the coordination game achieves its 4-4 equilibrium, represent the furthest evolutionary stage of the marketer-consumer relationship. Where might it evolve or devolve from here? A further evolution might involve big changes in what we now regard as traditional advertising: advertisers might find consumers less likely to reach for the "skip" button on their Tivo remotes if they have a chance to see and vote on innovative ads created by consumers like them. And brands might be more inclined to take chances on innovative UGC ads if they can produce greater response at lower cost. This would not only transform branding, but advertising itself.

A devolution, on the other hand, would involve brand engagement wearing thin. As more brands pursue social media marketing more aggressively, the risks of consumer burn-out and marketer bad behavior (the "line-cutter" syndrome) increase exponentially. As with banner advertising, diminished consumer response to brand activity in social activity would have the perverse effect of making marketers more pernicious and less honest in their use of the medium. Consumers would stop participating in brand collaboration activities and would retreat to paid, private networks, free of advertiser intrusion.

Evolution or devolution? This is the critical crossroad at which we find ourselves. The mutual benefits of cooperation, laid out over the past 9 chapters, are evident, and so the evolutionary path is promising. But I believe there is an external factor, seldom discussed, that will greatly determine whether further evolution occurs. I am referring to the question of *scale*. Can the growth of social media itself and the rapid incursion of marketers into the social media arena sustain any meaningful level of cooperation? In the next and final chapter, I will take up this question.