

When you are passionate about a brand, you are also committed to it. Those organizations with strong brands are the ones that will better weather the market turmoil and stormy seas of change; they have both customers and staff who are passionate about the brand. During tough times the strength and integrity of the brand are especially critical. It determines whether customers and people stay with you even during periods of change and downturn. We call this “loyalty elasticity.”

Keeping the promises made to your customers and to your people builds loyalty elasticity. Keeping promises goes to the heart of how well organizations succeed in the market and in their chosen industry. It determines whether customers and people stay with you during these times.

In 1994, the Harvard Business Review released an extensively quoted article titled *Putting the Service Profit Chain to Work*

[1](#)

, which is still relevant in today’s organizations. The article’s authors tell us that profitability is stimulated by customer loyalty and that our employees are the ones who hold the greatest power of influence over customer loyalty. They explain that loyalty comes when satisfied customers see value in what your organization provides them. Since your employees are the ones who create and deliver value, customers will only be satisfied when employees are feeling satisfied with the organization as well.

JetBlue and Southwest Airlines are two companies that exemplify strong loyalty elasticity. They are often cited as having a unique culture founded on a strong brand, employees that are passionate about the brand, and customers that are fiercely loyal to the brand. Interestingly, several of JetBlue's executives, including the CEO, are former Southwest employees.

JetBlue started by following Southwest's approach of offering low-cost travel, but sought to distinguish itself by its amenities, such as in-flight entertainment, TV on every seat and Satellite radio. In the CEO’s words, JetBlue wanted “to bring humanity back to air travel.” JetBlue was one of only a few US airlines that made a profit during the sharp downturn in airline travel following the September 11, 2001 attacks.

Loyalty elasticity in China

According to a McKinsey Consulting report² from 2008, and based on surveying thousands of respondents, Chinese

The importance of brand to Chinese consumers is a huge opportunity for companies to make a defining

The notion that service is critical to whether a consumer buys your product or not is immensely powerful

Delivering the brand promise

Strong brands consistently deliver on their brand promise. Companies sustain their brand promise by institutionalizing it through their people development efforts. They recognize that in order to deliver the brand promise, their people must first be able to understand and internalize it. If your people do not understand what the brand stands for, then no one will, not even your customers. If your people are not knowledgeable about the brand, then they will not be passionate about it, and then you cannot expect your customers to be.

An example of a company that goes to great lengths to define and communicate their brand promise and brand values is Agilent Technologies. Brand promise and brand values are in all of their communication, and it is built in to the performance management and reward and recognition systems. Employees have superior knowledge of the brand and the products and services offered, they are passionate about what they do, and that knowledge and passion is used to improve customer service and sales.

When we talk about the difference that employees can make, we are talking about the difference made to whether the brand promise is delivered or not. The brand “promises” a certain value or experience. As consumers we take notice of that promise and develop certain expectations of what we will experience. If the expectations are not met, we are left disappointed. If what we expect from the brand based on its promise is not realized, the promise in effect has been broken. And broken promises do not make for a trusting relationship.

The extent to which our expectations are met, exceeded or not met at all determines the brand experience a customer walks away with – is it a good and positive experience or a bad and disappointing experience. The brand promise, and hence the potential experience, must be

delivered at all customer touch points whether they be before, during and after the purchase. But the brand promise is only one element of building strong loyalty elasticity. Leading brands not only deliver consistently on their brand promise but also:

- Provide superior products, services and technologies;
- Own a distinct position and deliver a unique customer experience;
- Continuously improve; and
- Focus on internal branding.

Internal Branding is where you start ...

Organizations that are serious about building their capacity to sustain change and endure tough times recognize that strong brand presence is vital. To achieve this, however, may require significant cultural change that must be effectively managed. In essence it is a change management process, which draws on aspects of culture, leadership and teamwork.

Drive from the Top: To start with, the change management process must have senior management support. A commitment to build or enhance the brand cannot be achieved by HR or marketing alone. It must be an integral aspect of the organizational strategy, recognizing that internal efforts to institutionalize the brand promise through its people are just as important as institutionalizing it through external marketing initiatives and campaigns. The required change in culture cannot be achieved in isolation from broader business objectives.

Coordinate across functions: Secondly, the cultural change requires a coordinated cross-functional effort. Most effective is the establishment of an “internal branding team” comprising human resources and marketing staff. The objective of such a group is to identify and implement those interventions that will encourage and enable employees to behave “on brand.” On brand means that everything that is said and done and every business-related decision and transaction should be consistent with the brand promise and preserve the integrity of the brand essence.

Engage employees: Thirdly, there must be a focus on how the organization engages with its people and potential employees. This requires a review of every critical employee and potential employee touch point. The focus of the interventions needs to be on influencing and matching employee behaviors with the brand promise, i.e. how the organization recruits, develops, engages and rewards its people.

*In Pour Your Heart Into It: How Starbucks Built a Company One Cup at a Time*³, Starbucks' founder and CEO Howard Schultz says:

“We never set out to build a brand. Our goal was to build a great company, one that stood for something, one that valued the authenticity of its product and the passion of its people. We built the Starbucks brand first with our people, not with the consumers — the opposite approach from that of the cracker and cereal companies. Because we believed the best way to meet and exceed the expectations of customers was to hire and train great people, we invested in employees who were zealous about the good coffee. Their passion and commitment made our retail partners our best ambassadors for the coffee and for the brand. Their knowledge and fervor created a buzz among customers and inspired them to come back. That’s the secret of the power of the Starbucks brand: the personal attachment our partners feel and the connection they make with our customers.”

IWNC has been able to assist those clients embarking on such journeys in two ways:

1. **The program intervention:** Design and deliver programs that inspire breakthrough thinking in people about how their behavior as employees influence the way the product or service offering is delivered. This intervention focuses on culture and leverages from the leadership that is in place. A key focus of learning is with regard to leadership roles and actions do enable on brand behavior and customer focus.

2. **The consulting intervention:** Institutionalize brand behavior through policies and systems. This intervention focuses on motivation and hygiene issues, and the way individuals and teams get work done and connect with the brand.

In the **Program Intervention**, we conduct a series of workshops that address the following:

- What is brand?
 - The importance of brand
 - The importance of the brand to our business – the business needs
 - How internal branding is linked to external marketing strategy

- Who are our customers?
 - What does the customer expect from the brand

- Measuring customer experience through customer touch points
- Personal brand leadership
- Brand leadership through the service charter

In the **Consulting Intervention**, we institutionalize brand behavior throughout the organization. Examples include how the organization recruits staff with the desired on brand behaviors, how it recognizes and rewards on brand behavior, and how it develops and trains its staff to consistently deliver a positive brand experience. Key areas to be addressed are those organizational initiatives that impact behavior, namely:

- Desired behaviors that are on brand, competencies that are required for reinforcing the desired customer experience.
- Reward and recognition structures and policies that reinforce the desired customer experience.
- Performance management policies and procedures and systems that reinforce the desired customer experience.
- Regular internal and external surveys of employees and customers with regard to brand awareness, expectations and satisfaction. Most critical is that the results of these surveys and the organization's response be communicated to people – again, and again, and again...

In Conclusion

In Asia the power of brand is catching on fast. What is not catching on as fast is the link between having empowered and engaged people to champion the brand and, by so doing, to consistently deliver on the brand promise. When everything the customer and the employee experience matches the brand promise, it creates, sustains and enhances reputation. By focusing efforts internally as well as externally, this alignment of employee behavior with the brand promise can be achieved. Such alignment makes good business sense; by being able to hire and retain the right people, an organization will also be able to maximize customer loyalty. Employee satisfaction, commitment and loyalty today will strongly influence tomorrow's customer satisfaction, while enabling the organization to maintain or even enhance its market position during the good and the tough times.

As organizations change and evolve, the way that employees are engaged will determine to what extent the external brand-enhancing initiatives (marketing campaigns) will be successful. This has implications and opportunities for the leadership team of any organization in a competitive environment with customers. The organizations that emerge stronger and more successful at the end of these turbulent times will have a stronger brand, a reputation for delivering on the brand promise, trusted and effective leaders who can meaningfully engage

their people and motivated staff who can do their jobs well and enable customer satisfaction.

¹ Haskett, James L, Thomas O. Jones, and Gary W. Loveman, W. Earl Sasser, Jr., and Leonard A. Schlesinger. "Putting the Service-Profit Chain to Work." Harvard Business Review July-August 2008 < http://harvardbusinessonline.org/hbsp/hbr/articles/article.jsp?_requestid=35660&ml_subscriber=true&ml_action=get-article&ml_issueid=BR0807&articleID=R0807L&pageNumber=1 >.

² Vinay Dixit, Max Magni, Ian St. Maurice, Claudia Suessmuth-Dyckerhoff, Hsinhsin Tsai: "Annual Chinese Consumer Survey, 2008", Insights China. McKinsey & Company. http://www.mckinsey.com/ideas/pdf/McKinsey_2008_Chinese_Consumer_Survey.pdf

³ Schultz, Howard and Dori Jones Yang. "Pour Your Heart into It. How Starbucks Built a Company One Cup at a Time." Hyperion Books; 1st edition (September 1997)