System1

Unlocking Profitable Growth

Chapter Four

Brand Building

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In Chapter 4, we unveil the 3 rules for building brands: Fame, Feeling and Fluency. Brands should come readily to mind (Fame), feel good (Feeling) and be distinctive (Fluency). The 3 Fs explain current market share, predict share gain and create brand value: they are the keys to profitable growth.

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A must have guide to understand and leverage the power of emotion in Marketing. Years of hands on real world experience, crafted and distilled into a simple to read, but incredibly powerful book. Max your Marketing!

Giles Jepson
Kraft Heinz European Chief Marketing Officer

“

This book sets out with daring clarity the simple psychological principles that every marketer needs to know about to build their brand. It’s the modern marketer’s handbook – an inspirational read.

Gemma Greaves
Chief Executive at The Marketing Society

Fame, Feeling and Fluency

Our Most Common Decision

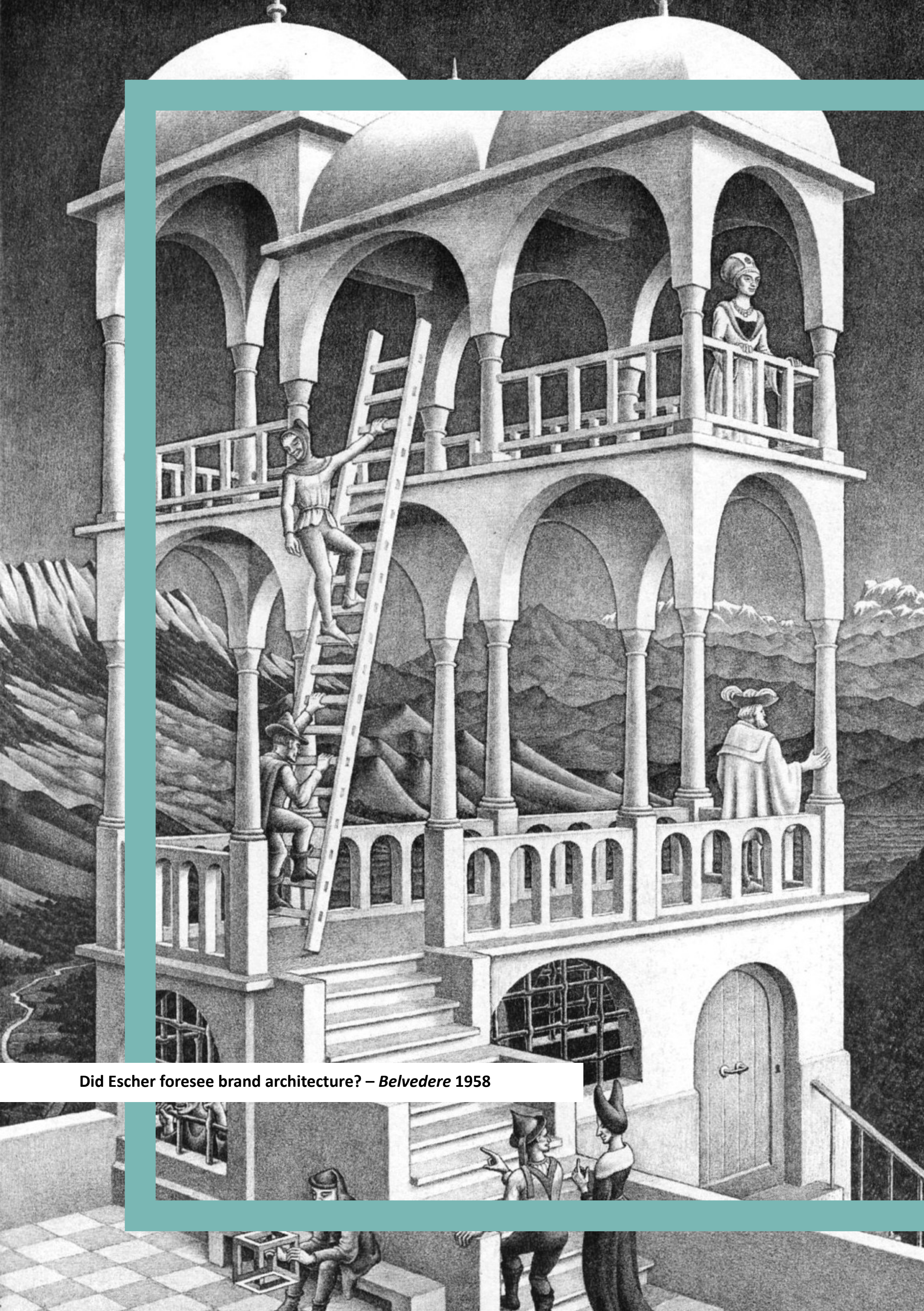
We may have the same way of thinking as our Ice Age ancestors, but there's one type of decision we make every day that Ice Age humans never did. Possibly our single most frequent decision: "What shall I buy?"

Ice Age humanity didn't go shopping. The choices our ancestors had over what to wear, what to eat, where to go and how to maintain their caves were very real ones, but their options were limited. We, on the other hand, face almost limitless consumer choices.

How does a mind geared primarily for sex, status and survival deal with so many options? In the same way as it's always done. Our decisions are guided by instinct and rules of thumb – by System 1. 20,000 years ago, the way our brains recognised patterns and learned from experience was vital for understanding what could be safely eaten, or where prey might be found. Exactly the same skills are used today for the rather less vital decisions of which deodorant to buy or where to eat lunch.

In fact, in a modern consumer society we need System 1 more than ever. The sheer number of purchase decisions we have to make would create massive cognitive overload if we carefully considered each one, and waste vast amounts of our energy and time.

This has big implications for how we think about brands. Brands themselves originated as markers of trust, designed to make decisions quicker and easier, not to initiate a complex comparison process. But even though every brand owner has read the studies showing how how quickly decisions are made in a store, and even though most of their own lives as consumers are governed by habit, there's still a temptation for marketers to create complex "brand architectures" of image, personality, and points of differentiation, and to believe that consumers crave meaning, interaction, and relationships with their brand. They like to see their brands as special, complex and different. In fact, our System 1 brain is drawn to simplicity and the most successful brands play to that.



Did Escher foresee brand architecture? – *Belvedere* 1958

Brand Memory Game – Hendrik-Jan Grievink, BiS Publishers

Fame, Feeling and Fluency

System 1 makes decisions about brands in the same way it makes decisions about anything. It comes to a fast, instinctive judgement by applying simple rules of thumb to the situation. System 1 doesn't 'do' doubt. Doubt only occurs when System 1 can't immediately arrive at a quick, instinctive decision. That's when it defers to System 2 and its deliberative reasoning. But that costs time and energy. So to ensure their brand is chosen quickly by System 1, companies must play by System 1 rules.

There are three all-important rules of thumb System 1 uses to choose brands. You know two of them already. One is *Fluency*, the speed and ease of processing information. In Chapter Two, we explored how important this is to the success of innovation; innovation succeeds when it makes the new seem familiar. Fluency is crucial for brands too. If a brand is easily recognised and processed, to our System 1 minds, it *must* be a good choice. That hands a huge advantage to brands with distinctive logos, slogans, colour schemes, jingles, or other unique assets.

Another is *Feeling*. We saw in Chapter Three how positive emotion is the driving force behind profitable advertising, particularly over the long term. The same thing applies to profitable brand growth in general. Advertising helps us feel good about a brand – and if a brand feels good, to our System 1 minds, it *must* be a good choice. Brand usage and experience, sponsorship and, of course, 5-Star advertising can all create these positive associations.

For brands, though, a third rule of thumb is vital: *Fame*. Fame is referred to by psychologists as the *Availability Heuristic*: the more readily a brand comes to mind in a decision context, the better the choice our System 1 assumes it to be.

What does Fame mean in practice? The best modern books on how brands work in the real world are *How Brands Grow* by Professor Byron Sharp of the Ehrenberg-Bass Institute, and its follow-up, *How Brands Grow 2*, by Sharp and his colleague, Jenni Romaniuk. The marketing laws these books describe are the real-world effects of psychological mechanisms.

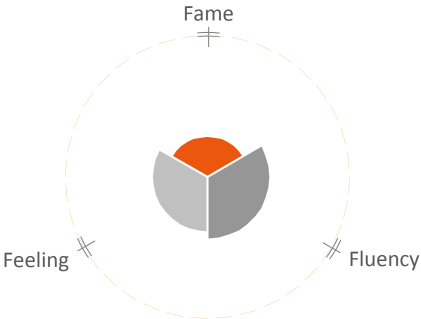
Fame is what gets a brand onto a person's mental shortlist. Anyone buying in a category fairly regularly has three or four brands on that category's shortlist. Remember, these shortlists may change in particular contexts – the beer you choose in a bar isn't necessarily the same as the one you choose in a supermarket. Getting onto people's mental shortlists is an essential step for any brand. So too is ensuring the brand is available when people are making their choice. Fame consistently and strongly correlates with *actual market share*. The most purchased brands in a market are the most famous. So marketing must always aim for fame.

Fame | The Difference Between Small and Big Brands

Fame, Feeling and Fluency Percentiles

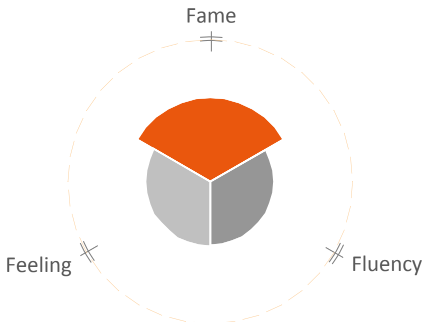
Small

Market Share up to 7%



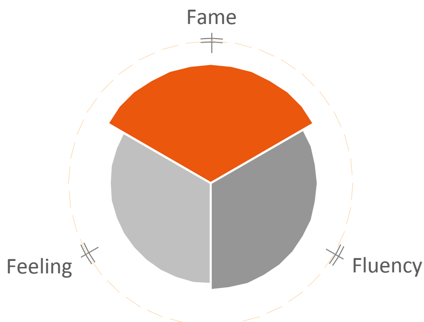
Medium

Market Share >7% < 15%



Big

Market Share >15%



Fame
Feeling
Fluency

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If a brand comes
readily to mind

Then profit won’t
be far behind

All round the world,
the rule’s the same

Your only objective —
AIM FOR FAME

Fame, Feeling and Fluency Drive Profitable Growth

System1 Research measures the Fame, Feeling and Fluency of a brand because the strength of these 3 Fs in the public's mind is what explains a brand's size and determines its likelihood of growing or declining. Improving your brand's performance on Fame, Feeling and Fluency will make it a faster, easier and more attractive choice. The 3 Fs reinforce once another, which is why our overall measure of brand strength – a 1-Star to 5-Star rating – is a combination of Fame, Feeling and Fluency.

If Fame is the desired outcome of all marketing activity and explains a brand's market share, it is Feeling and Fluency that help achieve it. Feeling and the brand's distinctive assets that promote Fluency are what make a brand memorable and famous. Feeling and Fluency are indicators in their own right of a brand's potential to grow more and to charge more.

How people feel about your brand is a strong predictor of its future growth, but it isn't as simple as saying that the brands people like are more likely to grow. It's rare to find a big brand that isn't fairly well-liked within its market. Why would people buy something they disliked? What makes Feeling predictive isn't the absolute emotional response to a brand, but the level of feeling relative to its size.

When people like a brand more than its market share suggests, we say it has *surplus Feeling*, and it is likely to grow. A brand with *deficit Feeling* – people aren't as happy with it as you'd expect for a brand of its size – is at risk of decline.

We see this when we look at our brand database: there's a pattern associated with growing and declining brands. Growing brands have much greater Feeling scores than those that are losing market share. Declining brands tend to have poor levels of Feeling for their size.

What about Fluency? It's long been known that branded goods are able to charge a premium over their own-label equivalents. This premium is the source of brand value and profitability. Our work shows the stronger a brand's Fluency (distinctiveness) the higher the premium it can sustain. This is because people ascribe greater value to items they're familiar with and can process quickly. Recognition speeds decision.

Fluency is an emerging field of psychology that has exciting implications for marketers. In a recent experiment, psychologists showed that people use Fluency – the ease of processing information – to determine an item's value. They gave participants familiar forms of currency and rarer, less familiar forms of currency of the same value, and asked them how many everyday items each currency could purchase. The familiar forms of currency had greater perceived purchasing power than their less familiar counterparts. Participants judged that a $1 bill could buy 48 paper clips, but a slightly unfamiliar, doctored $1 bill or a rare $1 coin could only buy 20 paper clips.

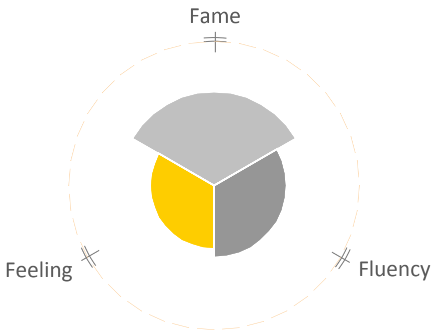
Feeling | How Brands Grow and How Brands Decline

Fame, Feeling and Fluency Percentiles

Declining

Market Share Rate

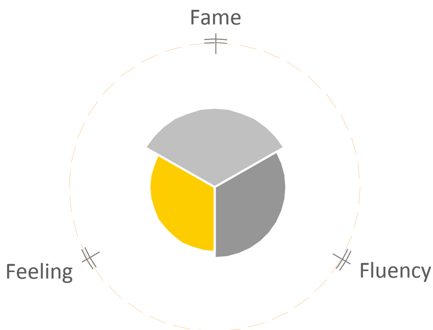
<-2%



Stable

Market Share Rate

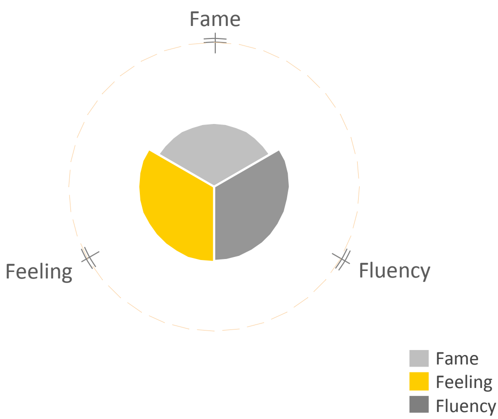
+2% to -2%



Growing

Market Share Rate

>+2%

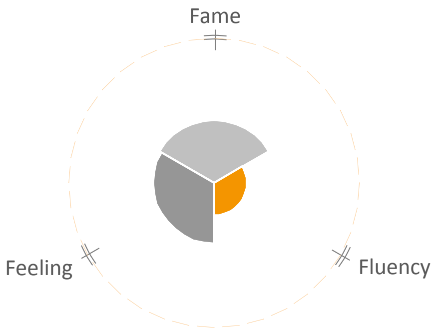


Fluency | Commanding a premium

Fame, Feeling and Fluency Percentiles

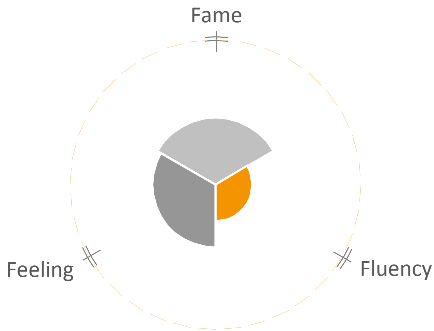
£

Bottom 3rd on price within category brands tested



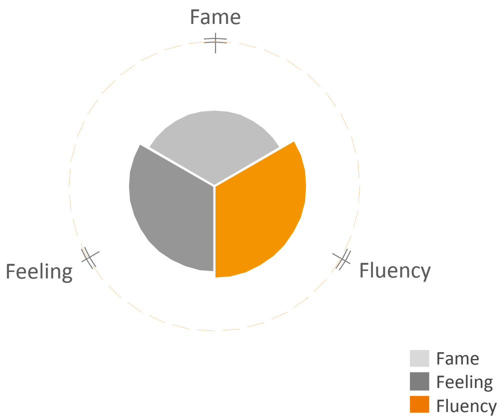
££

Middle third



£££

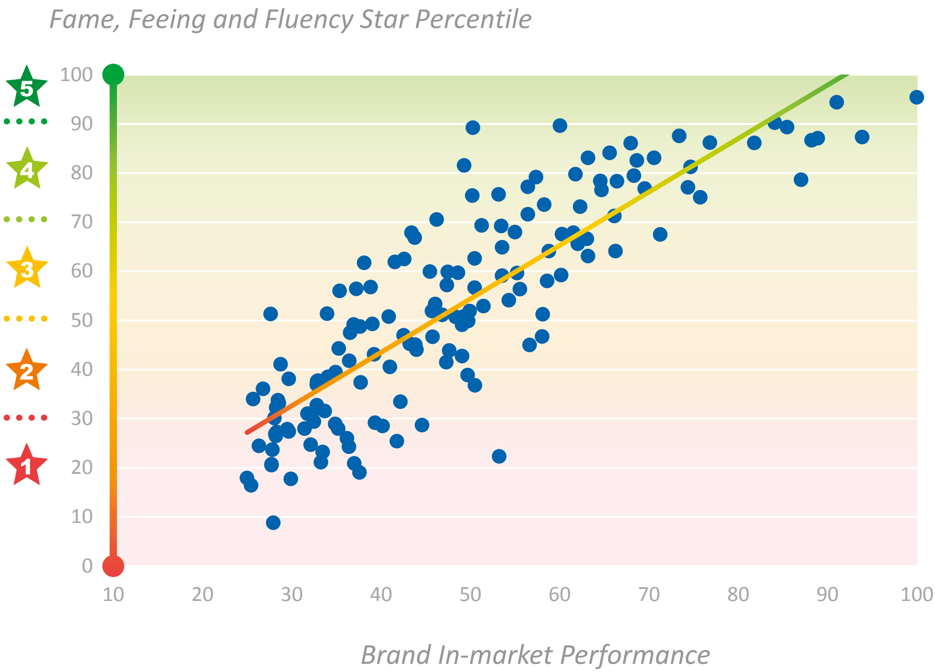
Top third



In another experiment, four different designs of mineral water bottle were shown to participants. Two used a font that suited their bottle shape (therefore easier to process), two had a conflicting font and bottle shape (more difficult to process). Researchers asked how much people would pay for the bottles. Participants expected the more Fluent designs to cost about 30% more.

Creating Fluency and Feeling, allied with spend, is the quickest route to Fame and profitable growth.

Fame, Feeling and Fluency explain market share



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Focus on new buyers
because
loyalty comes ‘for free’

Building Fame: Penetration Vs Loyalty

Each of our three shortcuts to decision making – Fame, Feeling and Fluency – has important consequences for a brand. Fame reflects current market share. Feeling predicts future growth. Fluency creates brand value.

So how do you gain Fame, Feeling and Fluency?

There aren't many quick routes. Even in a fast-moving world, branding is about long-term growth. It takes time for an option to become an instinctive, System 1 choice. But there are ways to improve on all 3 Fs and achieve profitable growth.

Fame is perhaps the most straightforward of the three to influence, but requires investment and distribution. The more frequently people see or use a brand, the more its Fame will grow. A large, sustained investment in almost any advertising, marketing or sponsorship will help raise Fame. Increasing availability by improving distribution also helps Fame. The two things tend to reinforce each other, and without Fame it's almost impossible for a brand to maintain broad availability.

Remember from Chapter Three that the emotional quality of your advertising matters a great deal. The more Feeling and Fluency you create, the greater the efficiency of your marketing, and the more Fame and profitable growth you achieve.

Opportunities for growing Fame are far greater among people who don't currently know your brand. Growth is driven by increasing sales to non-buyers and light users, and your brand needs to become more mentally and physically available to these people. This is why Byron Sharp, like Andrew Ehrenberg before him, recommends brands focus on winning new customers, rather than trying to increase existing customers' loyalty. Contrary to popular belief, targeting a wide audience and including non-users is not a waste of money. It's a key driver of growth.

What about loyalty? It was Ehrenberg who discovered the 'double jeopardy' rule, which says that increasing market share also increases loyalty. Loyalty isn't an alternative to wider reach, it's a consequence of it. You can see this not just in consumer categories, but also in digital ones: *How Brands Grow 2* presents Chinese social media data which shows that the most-visited social networks are also the ones where people spend most time. The idea of the niche brand with a few, fanatically loyal customers, is almost always an illusion. If you increase your penetration with new customers, you get additional loyalty for free.

To build Fame, target wide, touch deeply and be distinctive.

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Your buyers mostly buy other brands and occasionally buy yours

Biggest, fastest, strongest, smallest, tastiest, healthiest, lightest, softest.

Building Feeling and Fluency

Feeling (relative to brand size) predicts medium-term growth potential, so improving Feeling should be a priority for every company. Just think of John Lewis in Chapter Three; their long-term campaign of emotional Christmas advertising has steadily increased their market share year on year.

How do you build Feeling? After all, most people make quick, instinctive decisions about brands. They don't consciously think or care very much about them. People who regularly buy a category will regularly buy several of the biggest brands in that category, rather than be loyal to just one brand. So it's very doubtful people want close 'relationships' with brands or greater 'engagement' with them. The purpose of Feeling is simply to get your brand onto consumers' mental shortlists and let positive associations nudge them in your direction in the moment of purchase. The good news is even a small difference in positive Feeling can make a big difference to a brand's growth and profitability.

While word of mouth and recommendations certainly build positive response to a brand, it's almost impossible to invest in that kind of advocacy and get predictable results from it. The best way to build Feeling is still through emotional advertising.

Building Fluency is a matter of making the brand more distinctive. In *How Brands Grow*, Sharp explains that 'distinction' and 'difference' are not the same thing. Rather than seek "meaningful difference", he says that brands should create "distinctive assets" which consumers immediately recognise. This drives profitable growth far more quickly than consumer perception of difference. Even serial innovator Apple is only seen as "different" by 25% of consumers.

Perceived difference doesn't matter, but surely genuine functional superiority will give a brand a competitive edge? No. Sharp's work reveals the obvious truth that people rate the brands they use as better on almost every attribute. The idea that a brand can differentiate itself with a functional "unique selling point" – being the softest, smallest, tastiest, and so on – is another branding illusion. Of course, if pressed, consumers will claim to have a good reason for choosing a brand, but this is rarely to be trusted. Remember from Chapter One that System 2 is a "lazy policeman" – it reaches for any available evidence to justify System 1 decisions.

Given that the pursuit of differentiation has been a holy grail for many marketers, the idea that it's not, after all, a major driver of profitable growth seems a radical proposal. But it's supported by everything we know about System 1 decision-making. Differentiation suggests an analytical comparison by customers and the involvement of System 2. Distinction suggests simple recognition and rapid processing, which is the domain of System 1. And it's System 1 that guides decisions.

To build Fluency, distinctive assets are essential. But what exactly are they and how do you get them?

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Recognition speeds decision

Creating and Building Distinctive Assets

On New Year's Eve 1875, most of London was in celebratory mood, raising glasses of beer to cheer in the New Year. But one man was not partying. He was standing outside a certain London office, patiently waiting for midnight. Beer was on his mind, too. But he wasn't thinking about drinking it.

The office was where trademarks would be issued, and 1st January 1876 was the day the UK Trade Mark Registration Act would come into effect. The man worked for the Bass brewery and his task was to ensure their red triangle would become the first ever UK Trade Mark. He succeeded. Bass still use the red triangle today and in 2013 they even renamed their beer "Trademark Number 1" in its honour.

What does a red triangle have to do with beer? Absolutely nothing. The association is arbitrary – it's a classic example of distinctiveness beating differentiation. Everyone in Victorian England would have recognised Bass from the triangle alone. The trademark is even immortalised in a famous Manet painting of a barmaid – on the counter-top, bottom-right and bottom-left, is that familiar red logo.

The Bass red triangle is still a great distinctive asset because it helps people recognise the brand. If you want to make a brand easier to choose, make sure its assets are distinctive and easily recognised.

Edouard Manet's *A Bar at the Folies-Bergère*, 1882

For this reason, many distinctive assets involve sensory triggers, the bulk of which are visual – shapes, logos, colours, gestures, familiar characters, and so on. Far more of the brain is devoted to visual processing than any other sensory input, so visual cues are ideal for System 1 reactions. That's how a red triangle became such a Fluent brand asset.

What about other senses? Sound can work too – like those jingles you can't get out of your head. While our sense of smell is less acute than that of other animals, the links we make between smell and memory are nevertheless very strong. Our touch and taste receptors can also be used to create distinctiveness. Sounds, textures, scents, tastes and visuals can all be successfully used as instinctive, System 1 brand associations to increase Fluency and profitability.

Our System1 brains rapidly recognise non-sensory input recognise non-sensory input, too. Our facility with language, with association and pattern recognition, means that slogans, concepts and fluent creative devices (like Snickers' long-running "You're not YOU when you're hungry" campaign) can become distinctive assets too. But these more conceptual assets work best in conjunction with other visual ones. If you see the words "just do it" in a sentence, you might think of Nike, but the slogan has far greater force when accompanied by that distinctive swoosh.

There's an enormous range of available distinctive assets to drive a brand's Fluency. To get some idea of how enormous, let's look at some brands we feel do it best.

Ten Great Distinctive Assets

Apple iPod White EarPods

An aspect of the product itself can work as a distinctive asset. Sometimes these are decorative – like the figurine on the front of a Rolls-Royce. But other times they are something more integral. The original advertising around the iPod advertised its uniquely large song capacity – a solid, System 2 rational benefit. But it really took off when Apple introduced the classic “Silhouette” campaign, emphasising the distinctive White EarPods. For a device that’s largely hidden inside people’s jackets, the White EarPods made it instantly identifiable as an iPod. And remember it’s not about functional superiority – the EarPods aren’t particularly good. But they became such a recognisable asset for the brand that the police had to issue warnings as thieves were targeting anyone wearing those white headphones. One distinctive part of the product had come to stand for the whole.

Coke Red

As you’d expect from one of the world’s most famous brands, Coca-Cola is built on distinctive assets: its font, its unique bottle shape, and its Christmas trucks. But unifying them all is its colour scheme – red for Coke, silver for Diet Coke, and latterly green for Coke Life and black for Coke Zero. Watch any Coke ad and see how carefully the brand uses those colours. In a purchase environment, the rich, bright red instantly draws the eye and helps the brand maintain high Fluency. It's a lesson for brands: if you 'own' a colour within your category, it makes your product much easier to choose.

Shell Logo

A logo is generally one of a brand's most important distinctive assets. Shell is a perfect example; it needs no accompanying text or brand name – the logo does the work instantly, and has barely altered since 1971. This is a big advantage for a global brand which needs to operate across multiple languages. But that instantly recognisable logo was also the result of seventy years of refinement. The original logo was a realistic drawing of a shell, which gradually became more stylised, colourful and simpler easier to process at speed; in other words, more Fluent. Most global brands with long pedigrees have simplified their assets similarly.

BA Union Jack Tailfin

The value of a distinctive asset can only be realised if you own and use it. British Airways learned this when it replaced its distinctive Union Jack tailfins in 1997 with a series of designs based on patterns from around the world. In terms of 'brand personality' you could see the logic – the new designs would emphasise BA's global reach. But in terms of brand Fluency and Feeling it was a disaster. First the then Prime Minister, Margaret Thatcher, publically criticised the move. Even worse, Richard Branson, head of Virgin Atlantic, saw a discarded distinctive asset and cheekily branded his planes' tailfins with the Union Jack. BA suffered, Virgin grew, and by the time they re-introduced the Union Jack BA had learned a lesson – if you have a good distinctive asset, don't mess with it.

Illustration of Shell logo over time

Intel Chime

Audio assets can also play a big role in building Fluency. Microprocessor brand Intel, whose chips power millions of computing devices, has used the distinctive ‘Intel sound’ or ‘chime’ for over 20 years – a three-second chime that rings out any time you turn on a Windows PC. In a sector where the product is largely invisible, this is invaluable branding. It’s estimated the Intel chime is played somewhere in the world every five seconds. Other brands use audio assets too – McDonalds’ ‘I’m Lovin’ It’ jingle has become one of the most recognisable in the world.

Singapore Airlines Scent

We’re all exposed to vast numbers of clashing scents and lack the olfactory sophistication to separate them out. However, if you can make a distinctive scent and own an environment where you can deploy it, it can be an enormously powerful trigger. So for some brands, scent makes sense. For airlines, not only are there plenty of unpleasant smells to be masked, but you have a high degree of control over your customer’s environment for several hours. So everything from lounges to cabins to soap dispensers can be infused with a signature smell. Singapore Airlines’ scent, “Stefan Floridian Waters”, is a mix of rose, lavender and citrus. Which probably doesn’t rouse your System 1 as a description – but if you’ve flown Singapore, they’re betting a whiff of it would.

Angela Merkel’s Hand Gesture

Politicians are brands too, and the most successful cultivate distinctive assets. German Chancellor Angela Merkel’s is a gesture – the *Merkel-raute*, where she presses her hands together in a kind of heart shape. It's a discreet gesture, but very distinctive, and you'll see it in countless photos of her. For German voters, this instantly recognisable gesture helps keep Merkel at the front of their minds.

Budweiser Whassup?

We now come to a particular class of distinctive asset, previously discussed in Chapter Three – the Fluent Device. Think of it as advertising distinctiveness – the familiar characters and scenarios that recur multiple times across a campaign and help build Fluency and Feeling. We talked in Chapter Three about how crucial a long-term strategy was for emotional advertising, and Fluent Devices are the best way to build them. One great example is Budweiser's *Whassup?*, a phrase which became a distinctive asset and pop culture phenomenon. *Whassup?* ticked all the boxes of a great Fluent Device. It was instantly recognisable, could be easily imitated and was extendable into multiple formats, with everyone from aliens to animals exchanging the greeting across a dozen spots. *Whassup?* won multiple awards and helped Budweiser outperform the beer market and reach almost 50% market share in 2001.

Hamlet Happiness

Whassup? is a relatively rare example of a 21st century campaign build around a creative Fluent Device. With the constant demand for new content, using strong, distinctive characters has fallen out of fashion. This is a shame because it's still one of the best ways of building brand Fluency. The heyday of the Fluent Device was probably UK advertising in the 1970s and 1980s, with campaigns like Hamlet Cigars. In the days before tobacco advertising clampdowns, Hamlet ads always featured an unfortunate man for whom something goes wrong. He then he lights up a Hamlet, Bach's *Air on a G String* starts playing, and the words “Happiness is a cigar called Hamlet” appear. As well as being a brilliant example of turning negative feelings into positive ones, it was a superb Fluent Device. Other great examples from the era include the Milk Tray Man, a chocolate-bearing hunk; the Smash Martians, robots with a craving for instant potato; and the Gold Blend Couple, which used a 12-part romance to sell instant coffee. All were excellent distinctive assets, which brought those brands quickly and happily to mind.

The Oxo Family

One of the best ways to find new distinctive assets is to look at old ones. Today’s older generations grew up with particular commercials, which means many brands have a store of potential assets that could be resurrected at any time. And they’re increasingly drawn to the idea of doing just that. At System1 Research, we worked with Premier Foods and JWT to bring back the Oxo family. They were a staple of 1980s TV advertising in the UK, a bickering but instantly recognisable family led by the late Lynda Bellingham as Mum. In our work to identify distinctive assets for the stock cube brand, the Oxo family was still the primary association with the brand for people 17 years after they were last on the screen. In October 2016, the brand launched a new Oxo family on TV, with plenty of positive coverage in the press, and encouraging early effects on sales. Great distinctive assets linger in the memory far longer than the ads which featured them, and can continue to work for a brand decades into the future. Fluent Devices have enduring power.

Profitable brand building is what happens when Fame, Feeling and Fluency work together, as our next case study shows.

Which bank?

The 3 Fs in Action: Santander

Santander had long been a major bank in its native Spain and elsewhere in Europe. But it had no presence in the UK until it bought the Abbey National building society in 2004. By 2010, having acquired other small building societies, the company announced the decision to rebrand Abbey as Santander and roll out its new banking identity across Britain.

Britain's banking sector was fiercely competitive, and dominated by the "Big Four" – NatWest, Barclays, HSBC and Lloyds. Breaking into that group would be difficult, particularly as banking customers seldom switch. As a brand, Abbey National was a small but popular name, whereas Santander was completely unknown.

But Santander's decision turned out to be a branding triumph. Within five years of the name change, the UK had become the bank's biggest market. And figures showed that 25% of Britons who did switch banks were switching to Santander – allowing it to make steady inroads into the existing market and draw level on market share with Barclays. During 2014 and 2015, Santander gained 370,000 new customers. Between them, the "Big Four" lost over half a million. It was now the "Big Five".

Santander's strategy offers a masterclass in how to establish all 3 Fs, but especially Fluency.

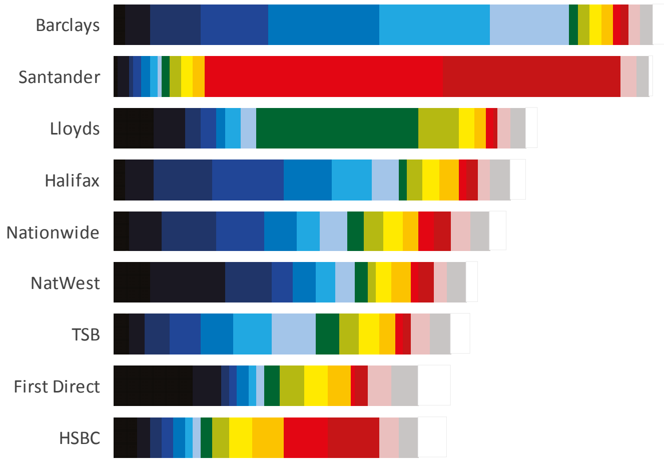
In terms of Fame, Santander had some catching up to do. And who better to help them than Lewis Hamilton? The Formula 1 champion opened the first rebranded Santander branch. Its acquisition of multiple building society brands gave it a strong high street presence, ensuring immediate availability when it launched.

In terms of Feeling, the launch was well timed. The financial crisis of 2008 had destroyed much of the trust the British public had in their banks. Studies of UK brands throughout the 2010s showed sharp declines in positive feeling for the big banks. Santander was still a bank, and by no means immune from this. But it was also a new face, and not tarnished by the scandals and bailouts which had hit rivals like Barclays and NatWest. It was in a good position to show surplus feeling at a time when major competitors' Feeling accounts were in the red. As we described earlier in the chapter, this situation gives brands the potential to grow.

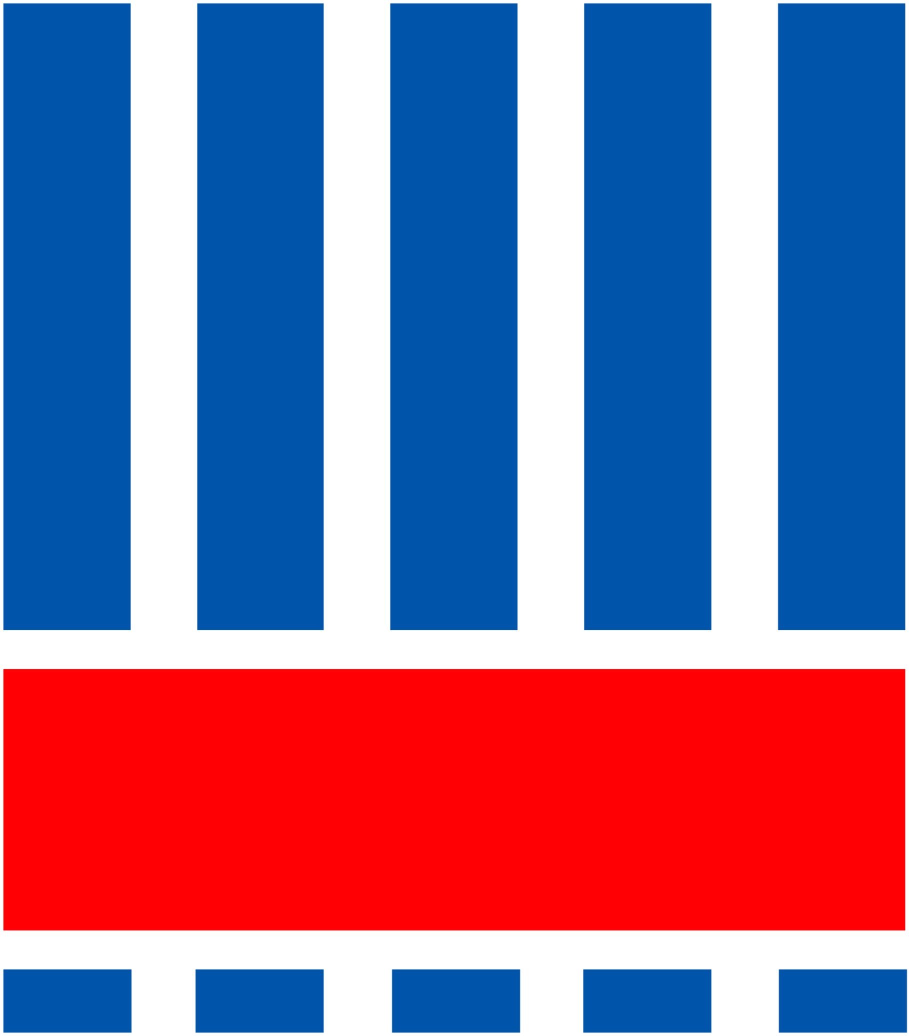
Santander realised that potential using Fluency. When we studied the brand in 2015, we found that it had two distinctive assets. One was its consistent red colour. Santander logos, communications, and its online and physical presence are saturated with red, and its association with red was very strong. This made the brand distinctive – easy to recognise and process.

Even more important, though, was Santander's second distinctive asset: its signature product, the 1-2-3 current account, launched in 2012. It had a distinctive name – easy to recognise and remember. Its genius lay in the fact that it didn't just tap branding Fluency. It also drew on Fluent Innovation.

Santander owns red in the public's mind



In a marketplace full of extremely complex financial products, the 1-2-3 account was just very easy to understand. The 1 and 2 referred to the percentage levels of 'cashback' Santander offered, a term already familiar to the British public, but used here to mean a proportion of the money a customer spent on household bills that would be credited by the bank to the customer. The 3 was the 3% interest rate offered on balances. To take full advantage of the account you needed to have a sizeable sum in your account and a Santander mortgage – but that was all System 2 detail. From a System 1 perspective, the 1-2-3 account was a rare ray of clarity in a mire of difficult choices. Consumers went for it in their droves and it quickly became one of the UK's most popular financial products. Santander and the 1-2-3 account show what's possible when innovation and brand building work hand in hand – a distinctive asset that builds Feeling and Fame.



The 3 Fs in Action: Tesco

At the start of the 2010s, Tesco was one of Britain's few 5-Star brands. The market leader among supermarkets, its growth had accelerated in the '90s to put it well ahead of Sainsbury's and Asda, and it was reckoned that £1 in every £7 in the UK was spent with the brand. Tesco's original pledge – "Pile it high, sell it cheap" – spoke to its roots as a cheap grocer for working families. By the end of the 20th century, Tesco had expanded into finance, mobile phones, insurance, luxury and value food ranges, and on top of that was working to build its business in the US. It enjoyed sky-high Fame in the UK, strong positive Feeling, and had a raft of distinctive assets to build Fluency, like its blue-and-white striped logo.

But behind the success story, cracks were appearing. In 2011, our tracker at System1 Research found a sharp drop in positive Feeling. In our 3 Fs model, this would be enough to put it into deficit Feeling – where the positive emotion towards the brand falls short of what its size requires. And deficit Feeling means a predicted drop in share – our 3 Fs model predicted that Tesco would drop to 4-Stars.

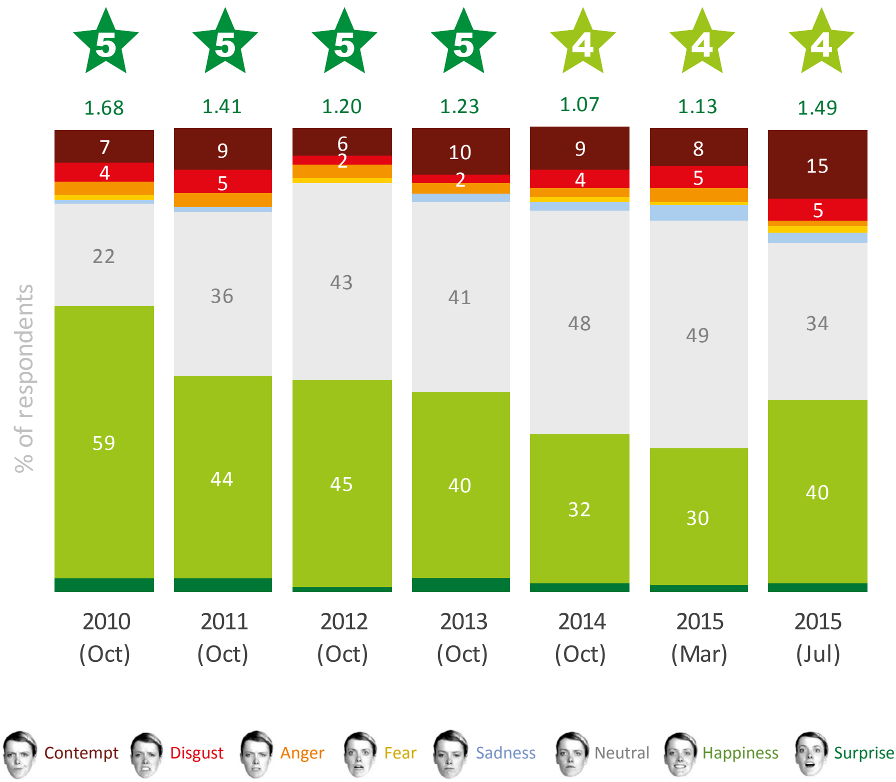
This wasn't just a blip. Over the next few years, Feeling continued to slide. By 2014, Tesco evoked barely half the level of Happiness it had just four years earlier – a drop from 59% to 32%. What was happening? Our measurements of Feeling also picked up triggers for emotion – consumer testaments that explained the slide. Service was poor; the brand was seen to be arrogant and overstretching itself; and rival brands, like German discount chains Aldi and Lidl, were now winning the price wars. These two brands enjoyed surplus Feeling – and both were growing fast.

Our predictions of decline were borne out by what happened next. In 2012, the year after we first saw Tesco's Feeling slide, the company lost a point of market share and issued its first profit warning for twenty years. As the slide continued Tesco was hit by scandal, with horsemeat found in many of its products. The brand slipped into 4-Star territory, just as we predicted. It was still the king of UK supermarkets, but its crown was more than a little dented.

Reports suggested the mood in the boardroom was kill or cure. New CEO Dave Lewis, brought in in 2014 to rescue the brand, issued an apology to customers and began a dramatic programme of store closure and renewal, bringing Tesco's business back to focusing on great value for families. But would it be enough to help the brand's Feeling score recover?

In 2015, our System1 Research tracking had good news for Tesco. Despite some anxiety over closing stores, consumers were noticing the difference and Happiness increased to 40%, now in equilibrium again with its size. The market share slide also stabilised. In 2016, the brand announced it had returned to growth for the first time in five years.

Tesco's slide and bounce back is an example of how vital Feeling is to any brand. Overseas expansion and a loss of focus damaged Tesco in the eyes of consumers, and their mood shifted to neutrality. If you



feel nothing, you do nothing, and this slide in Feeling had made the retailer vulnerable to rivals. A sincere apology, a public and tangible change of direction and a focus on customer service on the ground helped regain Feeling, and the brand's fortunes have been turned round. Throughout, the 3 Fs of Fame, Feeling and Fluency, tracked by System1 Research, predicted every step of the story.

The 3 Fs in Action: President Trump

The election of Donald Trump in 2016 stunned the world and overturned decades' worth of expectations about how politics works. Here was a man with no experience, who ran a campaign fraught with incidents and gaffes that would have disqualified any previous candidate. The fact he could win an election was incomprehensible to many.

Through the prism of Fame, Feeling and Fluency, the 2016 election was much easier to understand. At System1 Research we ran a Fame, Feeling and Fluency study of the election in January 2016, before a single primary vote had been cast. It revealed Donald Trump was not just a likely nominee, but well ahead of any Republican rival. And he also had the edge on the Democrat frontrunner, Hillary Clinton.

Why does a framework designed to measure brands also work to explain politics? Partly because politicians use the same communications platforms – from TV to Facebook – as brands do. But more importantly, because what the 3 Fs measure is the propensity to choose a brand – and we use our same System 1 brains to vote as we do to buy. Fame, Feeling and Fluency determine political choice just as much as consumer choice.

So what did the 3 Fs tell us about Donald Trump and why he won?

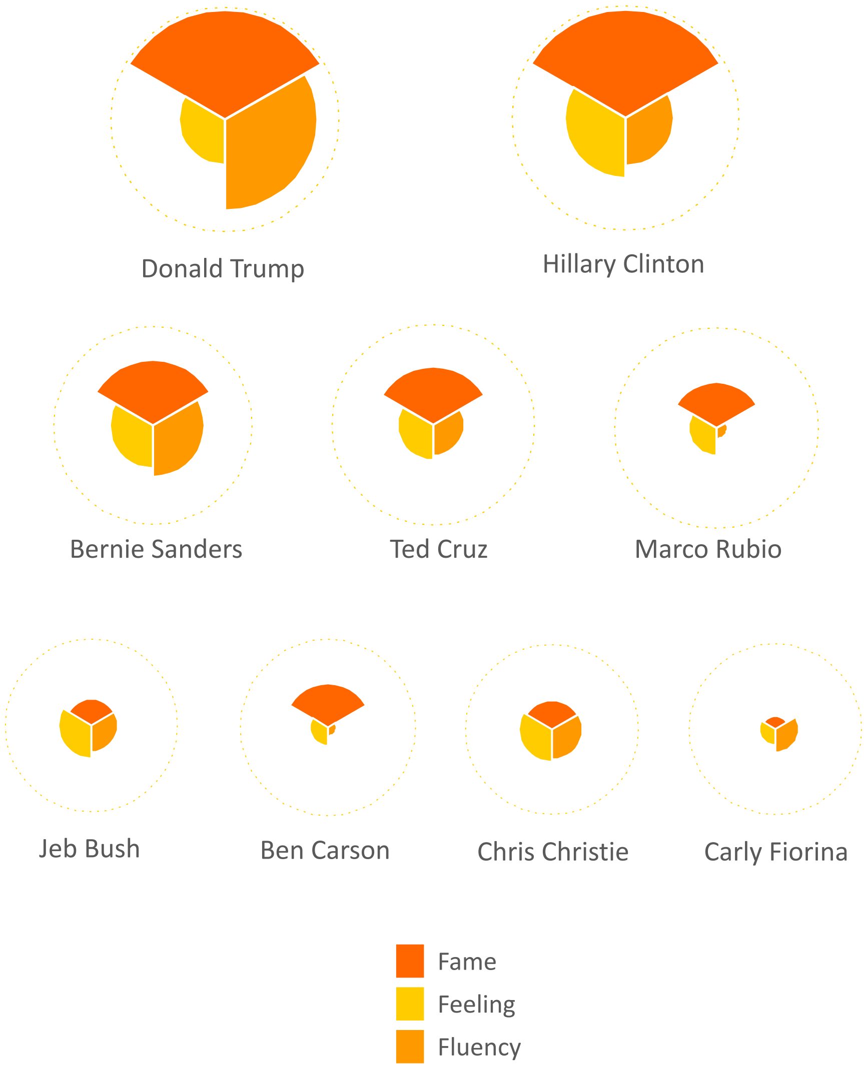
Fame – how mentally available a candidate was – told us that he and Hillary Clinton would be the Republican and Democratic nominees. They were way ahead of all other candidates on recognition, thanks to Clinton's huge public visibility since the 1990s and Trump's TV career as host of *The Apprentice* and his business reputation. Under time pressure, a photo of Donald Trump's hair alone proved more recognisable than full headshots of Ted Cruz, Bernie Sanders, and every other candidate except Hillary Clinton. There was little to choose between Trump and Clinton on Fame – both were exceptionally well-known. The election would be decided on Feeling and Fluency.

Feeling was Trump's great weakness. Since taking office, he's suffered the lowest Presidential approval ratings of the modern era. But this is only a continuation of people's reaction to him during the campaign. While Trump generated more positive Feeling than his Republican rivals, he was still broadly disliked, and scored less well on Feeling than Hillary Clinton.

There are three reasons why Trump's weakness on Feeling did not sink him in the campaign. Firstly Clinton, although higher in Feeling than Trump, was also strongly disliked. Secondly, while Clinton's Feeling divided along expected partisan lines (Democrats liked her, Republicans loathed her), Trump's Feeling transcended traditional party lines. There were a chunk of Republicans who disliked him, but also a section of Democrats who were merely neutral. Thirdly, and most importantly, Trump had a huge advantage in Fluency.
Fluency is about being distinctive – easy to recognise, easy to understand, easy to mentally process.

It’s Clinton Vs Trump – the rest is a sideshow

January 2016 Prediction




MAKE AMERICA
GREAT AGAIN
- ORLANDO WOOD -

This is what Donald Trump did. From TV, people already knew – or imagined they knew – what kind of man Trump was: a wealthy, no-nonsense businessmen who took big decisions fast. He was already a one-man distinctive asset. To turn that into a political brand, he created a set of other distinctive assets. He used his Trump jet to arrive at rallies and was photographed with an American bald eagle for the cover of *Time* magazine. He had a simple, memorable slogan – "Make America Great Again" – which he turned into a physical asset with his supporters' red caps, making it even more Fluent.
In our System1 Research his dominance of the conceptual space around the election was such that every other candidate's slogan (except Sanders' '#feelthebern') was more strongly associated with Trump than with their actual owner.

He also extended this mastery of the distinctive asset into policy areas. Trump's border wall with Mexico was the defining policy of the early campaign – far more strongly associated with him than any other idea was with any other candidate. The wall was a great example of Fluency at work: a concrete manifestation of a policy area – immigration – which Republican voters care deeply about but which politicians had struggled to define.

In November, Trump's command of Fluency proved enough to overcome his disadvantage on Feeling, and the White House was his. So what could his opponents learn from the campaign?

1 **Develop a Fame advantage; ensure your candidate is a big household name (within politics or outside it) or be working hard years in advance to build mental availability for the next election.**

2 **Develop and maintain a Feeling advantage. Just as commercial brands succeed by reaching beyond their core users, politicians need to make people instinctively feel good across party lines.**

3 **Develop a Fluency advantage – ensure your slogans and policies are distinctive and easy to process; create tangible or symbolic representations of them (like the hats and the Mexican wall), which you can use again and again. Hillary Clinton's Fluency relied mainly on her existing associations with the Presidency through her time in the White House, but it simply wasn't enough to compete with Donald Trump's vastly superior Fluency.**

It's often been pointed out that Donald Trump's main business expertise is branding – licensing the Trump name across multiple categories. In his use of Fame and Fluency to help him win the Presidency, he showed that the 3 Fs – the fundamental System 1 levers of branding – have applications to decision-making far beyond the consumer realm.

Which famous politicians?

Fame, Feeling and Fluency: Guiding Principles

So far we've explored how Fame, Feeling and Fluency – the mental shortcuts that drive our System 1 decisions – are at the heart of successful marketing and profitable growth.

Fluency – making the new feel familiar – is at the centre of Innovation.

Feeling and Fluency – making emotional ads, and building in brand assets and Fluent Devices – are the engine of great communication.

And Fame, Feeling and Fluency – making your brand familiar, emotional and easy to process – are the keys to profitable growth for your brand and your business.

References and Further Reading

Images

Chapter cover:

Brett Ryder

Hand drawn illustrations by Orlando Wood

Image 1
Belvedere - MC Escher, 12/12/2011, flickr.

Image 2
Brand Memory Game, Hendrik-Jan Grievink, BiS Publishers

Image 3
Edouard Monet - Un Bar aux Folies-Bergère, 1881-1882, Wikimedia
Image 18: Oxo Family, Premier foods archives

Image 4
Trump Laconia Rally, 16/7/2015, Michael Vadon, Wikimedia

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Suggested Further Reading

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We hope you've enjoyed this instalment of
System1, Unlocking Profitable Growth.

Keep an eye out for the next chapter, coming soon.

Want to learn more about System1 and how to achieve profitable brand growth? Drop us a note.

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