Bringing “Brand” Into the Boardroom

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Brand is a company’s most important asset.

The digital age we live in demands that boards take a more active role in governing and protecting brand.

Brand should be managed jointly by the C-suite, as opposed to being only handled by the CMO, and under Board of Directors oversight.
Brand drives customer behavior...

10–40% of consumer choice is driven by brand

54%

Only ever buy their preferred brand

Source: Prophet Brand Strategy, American Express
...as well as employee behavior

40%

Of new hires less likely to leave a company with a strong brand

50%

Of workers won’t even consider working for companies with bad reputation

Source: CareerArc, HBR
Brand is a valuable asset...

<table>
<thead>
<tr>
<th>Company</th>
<th>2016 Brand Equity Value</th>
<th>Brand Equity Value % of Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple</td>
<td>$103B</td>
<td>17.3%</td>
</tr>
<tr>
<td>Google</td>
<td>$92B</td>
<td>16.8%</td>
</tr>
<tr>
<td>Microsoft</td>
<td>$79B</td>
<td>18.0%</td>
</tr>
<tr>
<td>GE</td>
<td>$53B</td>
<td>20.4%</td>
</tr>
<tr>
<td>ExxonMobil</td>
<td>$52B</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

Source: Tenet 2016
...which companies invest a significant amount in building...

2016 MEASURED U.S. MEDIA SPEND

$845M  $442M  $756M  $103M  $112M
...through marketing and other avenues...

### Marketing Spend as a % of Company Revenues

<table>
<thead>
<tr>
<th>Industry</th>
<th>Spend Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Services</td>
<td>14%</td>
</tr>
<tr>
<td>Tech / Software / Biotech</td>
<td>12%</td>
</tr>
<tr>
<td>Retail / Wholesale</td>
<td>12%</td>
</tr>
<tr>
<td>Transportation</td>
<td>11%</td>
</tr>
<tr>
<td>Communications / Media</td>
<td>11%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>10%</td>
</tr>
<tr>
<td>Consumer Packaged Goods</td>
<td>10%</td>
</tr>
<tr>
<td>Service Consulting</td>
<td>6%</td>
</tr>
<tr>
<td>Education</td>
<td>5%</td>
</tr>
<tr>
<td>Banking / Finance / Insurance</td>
<td>4%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>3%</td>
</tr>
<tr>
<td>Mining / Construction</td>
<td>1%</td>
</tr>
<tr>
<td>Energy</td>
<td>1%</td>
</tr>
</tbody>
</table>

### Additional Areas of Brand Investment

- Awards
- CSR
- Press coverage
- Customer Experience
- Ecosystem
- Customer Touchpoints
- Sponsorship
- Endorsements
- Social Media
- Brand Content
If brand is so important, why is it not already in the boardroom?
2.6% Of board members have managerial-level marketing experience.
In total shareholder return with one marketing-experienced director

Effect is even stronger when the company is facing declining market share

Source: Marketing Science Institute, 2015
WHAT IS BRAND TODAY?
Brand exists in people’s minds
Brand is **what people think of you**
Brand is shaped by everything you say and do
Marketing and brand building is no longer about controlling the message...

...it’s about influencing the experience within an ecosystem
UNITED AIRLINES

“Fly the Friendly Skies”
Forced Passenger Removal

UNITED AIRLINES’ CEO, OSCAR MUNOZ, LETTER TO FREQUENT FLYERS:

“Each flight you take with us represents an important promise we make to you... we will no longer ask law enforcement to remove customers from a flight and customers will not be required to give up their seat once on board – except in matters of safety or security.”
Viral Impact

2,000
Average Daily Social Media Mentions

1.5M
Social Media mentioned the day after the incident and most were negative

75,000%
Increase in mentions

Source: Brandwatch
This incident altered the identity of the United brand in the market

<table>
<thead>
<tr>
<th>% OF RESPONDENTS PICKING UNITED WHEN...</th>
<th>AMONG PEOPLE WHO HAD HEARD OF UNITED RECENTLY</th>
<th>AMONG PEOPLE WHO HAD NOT HEARD OF UNITED RECENTLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>The United and American flights were identical</td>
<td>21%</td>
<td>49%</td>
</tr>
<tr>
<td>The American Airlines flight had an extra layover</td>
<td>43%</td>
<td>73%</td>
</tr>
<tr>
<td>The American Airlines flight cost $66 more</td>
<td>51%</td>
<td>81%</td>
</tr>
<tr>
<td>The American Airlines flight had a layover and cost $66 more</td>
<td>56%</td>
<td>86%</td>
</tr>
</tbody>
</table>

Source: Morning Consult
“Together, we’ll go far”

The enduring symbol of Wells Fargo

Our stagecoaches are living symbols of the company’s heritage of service, stability, and innovation
Account Opening Scandal

In America, Stagecoach Robs YOU!
Financial Repercussions

5,300
Employees fired (2011-17)

$185M
In fines

$110M
Preliminary settlement

DEC 2016 – YOY

40% fewer checking account opens

43% fewer credit card applications
“Evolving the way the world moves”
Lyft rejected the immigration ban and donated to ACLU! Uber crosses the picket line to break JFK can strike. Bye @Uber! Hi @lyft #deleteuber
500,000
Riders deleted the app due to the #deleteuber campaign

20
Fired after sexual harassment investigation sparked by Susan Fowler blog post

$20B
Decline in valuation based on private market trading

Source: TechCrunch, NY Times
BRAND PROMISE ≠ BRAND DELIVERED
88% of executives see reputation risk as a key business challenge, yet don’t feel well equipped

Executives do not feel well equipped to deal with reputational crises....

“What is your organization’s level of readiness for a reputational crisis?”

- Optimized: 15%
- Maturing: 22%
- Somewhat: 15%
- Not very: 22%
- Don’t know or not applicable: 27%

...because responsibility is not well defined, no one is truly accountable

“Who in your organization is responsible for reputation?”

- CEO: 26%
- CMO: 15%
- CRO: 11%
- Everyone in the organization: 17%
- No formal role: 7%
- Don’t know or not applicable: 25%

Source: 300 respondents Deloitte
Brand delivery requires active management by the C-Suite and the Board of Directors who have to ask themselves: “Are we...”

**Aware?**
Of the value and positioning of our Brand

**In-Touch?**
With customer sentiment and how we deliver on our Brand promise

**Aligned?**
And accountable across the C-Suite (CEO, CFO, CMO, CRO, COO, CHRO) on delivering on our Brand promise
In today’s world, **Brand** is an expression of everything a company is and does.
“Character is like a tree and reputation like a shadow. The shadow is what we think of it; the tree is the real thing.”

- ABRAHAM LINCOLN
Thank you.