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SAATCHI & SAATCHI, IDEAS COMPANY  
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## **LOYAL BEYOND REASON**

I accepted your invitation to present to this conference because it is our duty to help however and wherever we can in the mission to make the world a better place.

My battlefield is the market, and while there are no human fatalities, the competitive imperative is intense, and punishing for those brands which fail to secure the sweet spot we call Loyalty Beyond Reason.

It's a challenge, and where I come from, New Zealand, here's how we handle a challenge.

My brief today is to share with you the ideas, language and techniques Saatchi & Saatchi uses to win in the marketplace.

I'm going to show you how we create emotional connections with consumers, and how we inspire Loyalty Beyond Reason. The holy grail for marketers.

Our clients include some of the biggest and most successful companies in the market. Procter & Gamble – a 168 year old American icon whose inspirational purpose is to touch lives and improve life. Two billion times a day, P&G brands touch the lives of people around the world.

And Toyota – now with a market capitalization that exceeds that of GM, Ford and Chrysler combined. On track to become the world's #1 auto manufacturer.

How do these companies achieve loyalty with consumers that keeps them coming back and back for more and more? What keeps them moving forward, and what can we learn from them to make for a safer world?

### **It's all about emotion**

I spent eleven years living in the Middle East as a senior executive for Procter & Gamble and CEO for Pepsi-Co. I graduated top of my class at the hard-nosed Pepsi school for negotiation, and for my prize I got project Babylon – to build seven Pepsi plants in Iraq.

In my work and life in the Middle East I found Arab people to be strongly family oriented, strongly driven by emotion, and smart traders and merchants. Some of the first trademarks can be traced back as far as 3000 years BC to pottery found in Mesopotamia. And by coincidence, the founders of my company, the Saatchi brothers, were born in Baghdad.

And here's the rub. In a world that is supposedly ruled by cool rationality, metrics, and game theories, humans are actually powered by emotion, not by reason.

Brain scientist Donald Calne argues that the "essential difference between emotion and reason" is that while reason leads to conclusions, emotion leads to action.

Give people more reasons to do stuff and their eyes glaze over. Most suicide bombers are not given rational reasons for going on their mission. The promises include 15,000 people at their funeral and seventy-two virgins for the rest of eternity.

Using emotion instead of reason is a big, transformational idea, no matter what the problem is. From the biggest moral issue to the world of breakfast cereals. Emotion works.

Only emotion excites people to action. If you're trying to be persuasive what are you going to do? Give your consumer a list? Or give them a dream?

Martin Luther King did not say: "I have a mission statement".

When we created this ad for Guinness in Africa, what did it have to do with drinking beer? Absolutely nothing. It was about inspiration, about the hopes and aspirations of an entire continent. Guess which is now the most popular foreign beer in Africa? And it ain't Budweiser.

Jean-Francois Revel in his book *Anti-Americanism* put it well: "Here is a convincing sign that we are in the presence, not of rational analysis, but of obsession."

Thomas Friedman said that for Europeans, anti-Americanism is a hobby. For too many in the Muslim world, it has become a career. We're dealing with career haters of America. That's a tough gig.

Image problems can be turned-around, principally through the way your actions are positioned and perceived and interpreted. Just look at Martha Stewart's stock price today!

The road to winning minds lies first through the heart. Here's how we helped turn around the perceptions of a company that many people in the market and even

inside the company believed was boring, staid and lacking in purpose. (P&G Corporate Video).

## **Brands to Lovemarks**

Brands have gone on a magnificent journey. From products to trademarks, from trademarks to brands. But brands have become commodified – all snacks are crisp, cars start first time and all beer tastes good.

At the same time there's been a massive surge of power from manufacturers through to retailers through to consumers. It's the consumer who is boss now. They're starved for time and are informed like never before.

But the problem is that brands have become table-stakes. The advantages to be wrung from rational benefits are marginal rather than quantum.

Superior manufacturing, design, price, distribution and service only get you onto the field of play. So what's next? We found the answer in super-evolved brands – brands that create “loyalty beyond reason”.

We call them Lovemarks. These are brands that make deep emotional connections with consumers. Passionate connections that go inside people's lives and make a difference.

- Lovemarks are built on Respect and Love
- Lovemarks are owned by the people who love and use them not by the companies that produce them
- Lovemarks turn the irreplaceable into the irresistible
- Lovemarks deliver Return on Investment – and they provide a Return on Involvement

It's all made clear on this axis.

*Low Respect, Low Love.* Commodities. Telephone companies. Most of the US airline industry.

*Low Respect, High Love.* Fads sit here. Beanie babies. The South Beach Diet. Anyone called Brittany. Here today, gone tomorrow.

*High Respect, Low Love.* This is where most brands are stuck – focused on the “e-r” words: newer, brighter, stronger, bolder, and...cheaper. In many countries

this is where Brand America now sits. They respect the power and might of the US, but they don't love it.

Respect looks to performance, reputation and trust as its organizing principles.

If you lose Respect, consumers, the market and the media will crucify you. I understand "catastrophic success" but the job of winning the peace is made that much harder when your Respect factors are not heading in the right direction.

Emotion is an unlimited resource. There are no limits to its power. The most powerful relationships run on deep emotional connections - and the deepest connection of all is love.

*High Love, High Respect.* This is the Upper East Side of the Love/Respect Axis - Lovemark territory. You can't buy your way into this space. It's owned by consumers, not producers. And this is the brutal truth about Love. To get it, you have to give it.

What type of brands generate Loyalty Beyond Reason?

- Harley Davidson, definitely. Suzuki not.
- Apple is a Lovemark. Walk into a bar with a ThinkPad and you'll leave alone.
- You tell me! (JFK/Richard Nixon)

Lovemarks are driven by Inspirational Consumers: they hyper-actively defend, promote and connect as well as hold the brand accountable to creating a better world.

Take a brand away and people find a replacement. Take a Lovemark away and Inspirational Consumers protest.

The building blocks of Lovemarks are Mystery, Sensuality and Intimacy – three words you won't find in any government policy manual.

**Mystery** draws together stories, metaphors, dreams and symbols, and blends the past, present and future.

Consumers are as much drawn to what they don't know as to what they need to know. And when you know everything, there's nothing left to learn, there is nothing to surprise us.

In Iraq, The Grand Ayatollah Ali Sistani, is an enigma – he’s never met with coalition leaders directly and he doesn’t speak to reporters He’s the most revered religious leader in the country, yet the most elusive – he thrives on Mystery.

The terrorists on 9/11 attacked symbols of American wealth and security. For pure body count, they could have chosen a different strategy. But they wanted symbols.

**Sensuality** The five senses – sight, sound, smell, touch, taste – are portals to the emotions. In a world experienced more and more through screens, I am convinced that people will respond more intensely to sensuality.

When it comes to the senses, there is one day I will never forget. My first visit to the Middle East in 1972. Beirut. The dazzling light and incredible textures, the chaos of traffic and people, the brilliant colors and the dark, ripe smells of a street market culture. You could taste the air.

Direct, provocative, immediate. Tough to fool. Even tougher to override. The senses speak to the mind in the language of emotions.

There have been huge investments into sensual innovation over the last several decades. The Colonel’s secret recipe, the shape of the Coca-Cola bottle, the scent of a thousand perfumes, home sound-systems to die for, fabrics that mimic every possible natural surface.

95% of human thought is not fully conscious. We have only just begun to brush the human sensory canvas.

Music is especially important to us because it can set moods and trigger powerful emotions. Music can set our course in life, rally armies, even make Germans smile.

**Intimacy** is the third element of being a Lovemark. And the words Superpower and Intimacy don’t really go together in the same sentence right?

A crucial problem for brands in their battle against commodification is their growing-apart from consumers. Focused on growth and clamoring for attention, brands don’t have time for nuance and sensitivity.

McDonald’s and Nike and the rest of the US global front-runners are struggling to retain the emotional ties that have made them legends and billion-dollar businesses.

This is where Lovemarks come in. Not to abandon the mass market, but to transform it with multiple emotional connections.

Intimacy has three faces:

One, Commitment for the long haul. The combination of loyalty and commitment is the powerful force. Getting to that crucial place where people are beyond the information stage, where they have made their choice. They have committed to it before family and before country. And they are not going to change.

Two, Passion, the energy that keeps the bonds strong. With passion, the most difficult of objectives can be achieved.

And three, Empathy. There is only one way to understand other people's emotions, and that is by listening - for the inflections, the pauses, the combination of sounds and body language.

Listening is something that most brands are not great at. They talk, talk and talk. In their goal to push as much information as possible, marketers fail consistently to make real connections.

### **Show me the numbers**

The obvious question is, of course, why should a business or a country care if it is a Lovemark or not? Let's not even go near altruism. I can tell you that from a pure business perspective, being a Lovemark is great for the bottom-line.

Lovemarks are backed by hard numbers. We have substantial quantitative evidence that statistically validates the theory of Lovemarks. We have sophisticated metrics which capture Respect and Love. We can show that being a Lovemark has huge commercial benefits.

Lovemarks are consumed more and have higher future buying intent than brands, fads or commodities. There are direct, measurable volumetric benefits of Lovemarks.

When a brand moves up to Lovemarks status, volume goes north. We've already shown this with pharmaceuticals, cereals, magazines, auto brands and beverages.

### **Ideas & Ideas**

I'm in the Ideas business, and it's not in my DNA to simply just describe our methods. I want to see how Lovemark ideas can help the cause. So here are three ideas.

#### **1. Redefine the Mission**

This idea is from Mystery, specifically how we tell our great story and tap into dreams, not fears. My view is that the name for this long campaign we're

engaged in, the War on Terror, is fundamentally wrong. Every time we refer to Terror, we invest in the presence and even the legitimacy of our enemy.

Instead, turn the tables in a way that promotes an inspirational purpose for our people and our allies, and at the same time re-positions our enemy.

Call our struggle the Fight for a Better World.

We're instantly into an emotionally positive and inclusive space, where people can see that they have a contribution to make. Where people see they are in a battle for progress, rather than attrition. The War on Terror is a dead space, literally and metaphorically. No WMDs. Pictures of torture. Car bombings and assassinations. The War on Terror doesn't have a lot of positive equity going for it.

When you change the language, you change the conversation. That's how global warming became climate change. Legalized abortion became the right to choose. The War on Terror becomes the Fight for a Better World.

Not freedom or justice or liberty, which are abstract terms for most people, but to make the world a better place. This massively expands the field of engagement, the range of interpretations and the points of relevance. "Making the world a better place" is an inclusive dream everyone can identify with and tap into. The message plays offense, not defense. It creates "Love in the Bank."

## **2. Be serious about it!**

I'm not cynically proposing that you change the language and not actually do anything about making the world a better place! If you're serious about redefining the mission, then tackling poverty, hunger and disease has to be top of our agenda.

As a businessman, here's how I look at the figures. The US this year will spend half a trillion dollars on keeping the peace around the world, and fighting wars when we have to. But we'll invest only \$16 billion on overcoming global poverty and disease, which are also weapons of mass destruction, just with longer fuses.

Recently Bjorn Lomborg, the Skeptical Environmentalist, assembled a team of 30 of the world's top economists in Copenhagen to do a cost-benefit analysis on addressing the world's greatest problems. Their challenge was to find which problems should be prioritized for the most benefit. How to spend the least to achieve the most.

Top of their list was HIV/AIDS prevention. There are 11 million AIDS orphans in Africa. Two million people are currently dying of AIDS in the world. An AIDS epidemic in Russia, China and India would be catastrophic for the world's security and stability. Lomborg's group, known as the Copenhagen Consensus,

calculated that \$7 billion spent on AIDS prevention will save 28 million new cases.

Malnutrition was second on the list of the world's most addressable problems. 800 million people are starving in the world. \$12 billion spent on increasing micronutrients will make severe inroads into world hunger.

Free Trade came in at #3, with exceptionally high benefits for the world as a whole for relatively low cost.

Attacking malaria, which claims 2.7 million deaths out of 400 million cases annually, was the fourth most cost-effective solution. \$13 billion is the cost for making a significant reduction in the scale and urgency of this problem.

When you're doing things that are seen as unpopular and controversial, you have to run just as hard in the other direction. Being seen as a leviathan force for empire and domination is not a sustainable position for America in the world. It breeds resentment and opposition. Be the force for good – and be seen as one.

### **3. SISOMO – the new communications language**

Television is the greatest selling mechanism ever invented because it combines sight, sound and motion. We call this Sisomo. Sisomo has a guaranteed emotional outcome. Sisomo allows us to feel meaning. Sisomo is the playground of the mind. Sisomo is a medium for the senses. When does anyone ever watch television with their rationality in high gear?!

You know that Sisomo has exploded beyond television. The web, email, cellphones, PDAs, DVDs, ATMs, iPods, outdoor video screens, instore television channels, game players, kiosks, digital cameras, home security screens...we now live in the Screenage. The screen has become the campfire of the 21<sup>st</sup> Century. The screen is universal and ubiquitous.

Unfortunately for the War on Terror, America is being out-Sisomo-ed. Broadcasts of bombings, beatings and beheadings not to mention Bin Laden are the order of the day. The terrorists have got better pictures, and the whole world is watching.

Images of orderly lines at elections in Afghanistan and Iraq have a short shelf-life for the daily appetite of the screen. America is at risk of being held as an emotional prisoner in the face of a thousand blogs and vlogs.

So what's the solution? How do you "Sisomo-back"? What are your channels? And more especially, what is your content?

It's certainly not version 2.0 of Charlotte Beers, who tried to re-package Uncle Sam the same way she did Uncle Ben's. Programs about happy Muslims assimilated into America just won't cut it.

We had a brief glimpse of the possibilities with the Tsunami – American helicopters and aid workers in the flow of rescue work, but in many ways the Tsunami was a great lost opportunity. America faltered, it reacted too slowly.

My vision of the Fight for a Better World is a parallel track to the War on Terror. American security needs a threatening, punitive, brutal and unilateral fighting force full of young slightly-pissed off males capable of accessing any battlefield in the world.

But it also needs a 21<sup>st</sup> century organization to tackle global AIDS, malnutrition and malaria. We've got some fantastic programs and organizations on the job but they need more support to achieve faster and more effective results.

This becomes your “product” that you communicate, campaign, recruit for and advertise around the world. It's not enough to re-shuffle the deck. You have to start a new game. You have to get people to listen.

I have no answer to the culture of death of the suicide bomber. I can't suggest what to do when passion goes bad. But I can tell you that I challenge audiences all over the world that the role of business is to make the world a better place.

What I offer to you today, as representatives of the world's greatest security forces, is the same challenge: the Fight for a Better World.

To create global emotional connections to this challenge. To deploy Mystery, Sensuality and Intimacy to create America as a Lovemark.

And to do it now before it's too late.

**ENDS**