

A WHITEBOARD OVERVIEW BY **MARTY NEUMEIER**
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**WHY CUSTOMERS
NOW RUN COMPANIES
—AND HOW TO
PROFIT FROM IT**

THE BRAND dilemma

THE BRAND FLIP



a natural chocolate drink that, when sweetened with stevia instead of honey, is not only delicious but calorie-free. What's more, the cacao industry views the husks as a waste product, making them cheaper to source than coffee beans or tea leaves.

Slowly, the idea for a new beverage company grows in her mind.

What should she do next? There's nothing inherently ownable about the idea of chocolate tea. Anyone could copy it, and someone probably will. She realizes her best bet is to develop a highly focused brand—a brand for customers who love both chocolate and tea, of course, but what else? Her research shows that the most avid fans of chocolate and tea are women. But which women? Where are they? What are their goals?

More important, who do they want to become?

Anyone could have predicted that an Airbnb, Etsy, Zipcar, or Kickstarter might be essential to someone's life. And it's not hard to understand how trend-riders like Whole Foods, Method, and Patagonia could attract millions of passionate customers. But is it possible for a "nothing" product like chocolate tea to build that kind of following?

Google founder Larry Page had a simple goal: to make people a little smarter. Steve Jobs's goal at Apple was to make them a little more creative. Mini USA wants its customers to be conscientious drivers. And Joie de Vivre founder Chip Conley wanted his hotel guests to "refresh their identities." What should Lori want for her customers? How might she help women build their identities?

She decides to focus on women with children, like herself—smart, busy mothers whose identities can often get lost in the shuffle, especially without "me time" and personal rituals to keep them grounded. She begins reading books on psychology and selfhood. "The self is a fragile construction," said psychologist Mihaly Csikszentmihalyi. "Without external props it can fade and go out of focus."

Lori sees her opening.

BETTER PRODUCTS ⇄ BETTER CUSTOMERS

Ambitious companies are eager to invest in innovative products. They seek to create new features, new solutions, new markets, new industries. Ideally, they want to invent a product or service that disrupts the existing ecosystem, redefines their category, and generates monopoly profits for decades.

They're barking up the wrong tree.

In a flipped business, the product is not the innovation, the CUSTOMER is. The battle is no longer between companies, but between the people who buy from them. In other words, the nature of your customers determines the future of your company. The company with the best customers wins.

You can see this principle at work in the trajectory of Apple. From early on, the company invested heavily in its customers, making technology accessible to non-techies, standing as a bulwark against lumbering giants such as IBM, giving computers to schoolchildren to inculcate a new kind of literacy. Even as Apple's market share slipped to 3 percent after the ouster of Steve Jobs, its customers remained passionate and vocal. When Jobs returned, he was joined by a talented army of volunteers who were eager to be led.

The lesson is this: Instead of thinking about how to improve and position your products, think about how to improve and position your customers. They're the ones who will fight for your success. In his book *WHO DO YOU WANT YOUR CUSTOMERS TO BECOME?*, Michael Schrage says, "Truly successful innovations generate wealth for their users, not just their creators." Wealth is not only financial. It can be social, educational, physical, spiritual, and temporal—any good that people get out of a product or service.

What's the highest good you can want for your customer?

Ritz-Carlton wants its guests to be more sophisticated. Its motto? "We are ladies and gentlemen serving ladies and gentlemen." When you treat yourself to the impeccable service at the Ritz, your self-image soars to lofty new heights, and you somehow find yourself exuding greater confidence, generosity, and charm.

Dell wants to "enable customers everywhere to grow, thrive, and reach their full potential." The company backs this up with its "nurture" program (which also generates order amounts of 25 percent higher than the previous average).

The primary good that a company can offer its customers is empowerment. The best brand builders see greatness in their customers, and figure out ways to enable it.

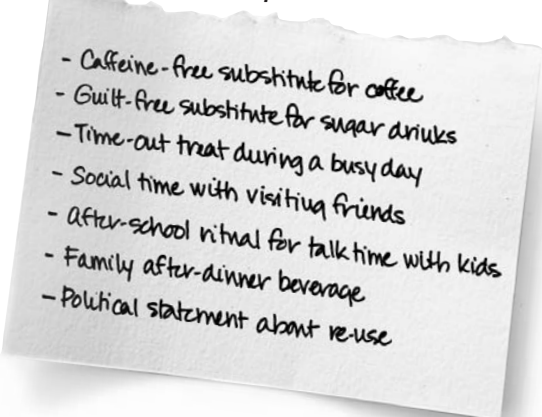
P&G puts its customers' ambitions right smack in its purpose statement: "We will provide branded products and services of superior quality and value that improve the lives of the world's customers, now and for generations to come."

By contrast, Las Vegas casinos care little about their customers' lives beyond offering a brief respite from the daily tedium. When visitors get back home, they'll face the same old grind, but with thinner wallets. This is the opposite of seeing greatness in customers. Instead, they see only weakness, naïveté, and addictive behavior.

Lori, meanwhile, comes to the realization that all profitable brands are habit-forming at some level. That's what makes them sustainable. The only question is whether the habit, on balance, is a healthy or unhealthy one. Both chocolate and tea can be habit-forming, since they appeal to the pleasure centers of the brain. But her tea contains little that might be considered unhealthy: there are no sugars or artificial ingredients. On the contrary,

it contains compounds that people might consider health-giving, such as procyanidins, known to reduce the risk of heart disease; more antioxidants than green tea and red wine; and theobromine, a milder stimulant than caffeine. The effect is a slight boost in serotonin levels for a happy, mellow mood. All in all, a healthy habit.

But what else could it be? What does a busy mom want that the tea could provide? Lori makes a quick list.

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- Caffeine-free substitute for coffee
 - Guilt-free substitute for sugar drinks
 - Time-out treat during a busy day
 - Social time with visiting friends
 - After-school ritual for talk time with kids
 - Family after-dinner beverage
 - Political statement about re-use

These are some of the “jobs” that the product could do for busy moms. What are we addressing? A lack of time, health concerns, worries about her kids’ schooling, a desire to create family memories, a need to maintain social ties, and a desire to improve the environment.

We’ll let these ideas steep while we examine the next flip, the mental shift from segments to tribes.