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THE OPEN BRAND
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The early years in life, and in the life of a company, are the most formative. Our company, Resource Interactive, is no exception. Our beginnings trace back to 1981, when I took my first trip to Silicon Valley to visit our first client, a startup company by the name of Apple Computer. This first meeting, at their request, was to discuss whether we wanted to work with Apple to promote a new piece of consumer technology—the personal computer—which was being launched into retail computer stores around the country.

I left Apple’s office that day, having found our first national client, and drove to Half Moon Bay on Highway 1, where I would spend the rest of the afternoon staring out at the Pacific Ocean daydreaming about how the company and technology I had just seen would change the world. Since that day, over 25 years ago, our associates have traveled to and worked in Silicon Valley—and all over the country—for Apple and other technology giants, and, increasingly, for some of the world’s leading consumer brands. Along the way we have had a small hand in positioning or promoting everything from the first desktop publishing solution to the first flat rate pricing-based internet service, from the first lingerie fashion webcast to the first online community for snowboarders.

Throughout this entire professional journey, as a company and as individuals, we’ve always believed in the transformative power of Apple’s earliest start-up mantra—“one person, one computer.” Looking back, it’s hard to dispute the fact that technology has become the great equalizer, propelling us into an age of connectivity and access that is unprecedented in human history.

Today, the single most powerful technology is a mashup of the World Wide Web and the open source movement. This power couple’s ability to literally open up the world to us (think Google), while also allowing us to open up ourselves to the world (think Facebook) dramatically impacts every business, every brand, and everyone. And it is because of the significance of the web as a democratizing change agent that we devoted our company’s energies to crafting The Open Brand. My incredibly talented business partner, Kelly Mooney, along with the scholarly mind of our own Dr. Nita Rollins, were at the project’s helm, while dozens of other Resource associates and friends helped research and develop the compelling content of the following pages. Our deep digital expertise, developed over a quarter of a century and influenced greatly by our early years in the business, will provide CEOs, Chief Marketing Officers, and hopefully, Chief Opening Officers (!) with a unique perspective that is both provocative and highly valuable.

I am proud to announce that Resource Interactive will donate all proceeds from book sales to the non-profit organization One Laptop Per Child (OLPC), so that one day all children can participate in and learn from the open global community online and, ultimately, import its opportunities and advantages to their own developing countries.

Nancy Kramer
Founder and CEO, Resource Interactive
Introduction

Five years ago, my first book, *The Ten Demandments: Rules to Live by in the Age of the Demanding Consumer*, was published. Resource Interactive, the interactive marketing firm where I am President, was an early advocate of consumer-centric, multichannel marketing, and *The Ten Demandments* highlighted what we perceived to be consumers’ growing expectations—due to their internet empowerment—to dictate marketplace dynamics.

*The Open Brand: When Push Comes to Pull in a Web-Made World* continues charting the same trajectory of consumer empowerment. It examines what few could have predicted: the extent of consumers’ overwhelming motivation for and adeptness at being heard, making a mark, controlling their experiences, shaping products, and sharing opinions. As the millennium turned, and marketers were recoiling and recovering from the dot.com bust, consumers remained unfazed—they were too busy experimenting with and embracing the internet. They adopted and customized new online tools and transformed the digital space into a profoundly social ecosystem they could create, control and own.

The media took note of this new breed of creative consumer—these “icitizens,” as we’ve dubbed them. *TIME Magazine* crowned “You,” the online consumer, its 2006 “Person of the Year.” *Ad Age* chose the consumer as the “Agency of the Year.” Marketers have to rethink their approach in the face of the mounting power and reach of consumers—both as individuals and communities. They must study the playbooks of icitizens who are using the internet and wireless devices to interact with and influence a vast social mesh of consumers. They must learn a new kind of brand management—of controls, not control—that inspires collaboration with and among consumers while still preserving the brand’s essence.

Brands are already shifting away from reliance upon the 30-second spot that pushes predetermined messages to the consumer. The next step is to stage and support experiences that pull consumers into brand participation in a way that’s relevant to their lives. Brands need to be open to forming multidimensional relationships with their consumers by accommodating all the ways they’re using DIY tools on the web and wireless devices to create, share and influence brands—and each other. Brands, perhaps most importantly, need to tap consumers to co-create their future.

To relate to this authoritative new consumer who creates, shares and influences via the social web, a brand must be O.P.E.N.—on-demand, personal, engaging and networked. Open branding requires a cultural shift within every company to clearly understand and embrace this new reality. Openness needs new talent, new thinking, new models, new risks—and new interpretations of ROI.

Written with my colleague, Dr. Nita Rollins, as well as over forty Resource Interactive (RI) associates, *The Open Brand: When Push Comes to Pull in a Web-Made World* is the new strategic imperative for marketers and business executives. It frames an overarching trend and provides a shared language for cross-functional teams to engage in an immediate, tactical, open discussion about the future of your brand.

It is my hope that *The Open Brand* will make social web-empowered consumers and their web-made world an open book—comprehensible and compelling as the future of marketing. In keeping with the web’s participatory ethos, I also sincerely hope you will share your open branding stories with RI and other marketers and brand enthusiasts at www.theopenbrand.com or theopenbrand@resource.com.

Kelly Mooney
President, Resource Interactive
Are you dangerously CLOSED?
<table>
<thead>
<tr>
<th>Do You Believe...?</th>
<th>OR Do You Believe...?</th>
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<tbody>
<tr>
<td>Companies use marketing to control their message.</td>
<td>Consumers influence the messages marketers send.</td>
</tr>
<tr>
<td>Brand managers own and orchestrate the brand.</td>
<td>Consumers co-create brands.</td>
</tr>
<tr>
<td>Merchants dictate the product or service assortment.</td>
<td>Consumers’ opinions dictate the assortment.</td>
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<tr>
<td>Consumers buy what marketers promote.</td>
<td>Consumers buy what their friends endorse.</td>
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<tr>
<td>Feedback only happens when brands invite it.</td>
<td>Consumers give feedback, expect to be heard and make noise if they’re not.</td>
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<tr>
<td>Ideas that matter come from the brand.</td>
<td>Consumers have ideas that matter to other consumers.</td>
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<tr>
<td>TV is where all marketing begins.</td>
<td>Consumers view TV commercials as TiVo fodder.</td>
</tr>
<tr>
<td>The web is for extending campaigns (if there’s leftover budget).</td>
<td>Consumers start with the web or end with the web—and increasingly do both.</td>
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<tr>
<td>YouTube is a fad.</td>
<td>Consumers love YouTube because they think their content is better than brands’.</td>
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<td>Online chatter is white noise.</td>
<td>Consumer online chatter is a crystal ball, an R&amp;D lab and a sounding board.</td>
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<td>Mobile phones are for making phone calls.</td>
<td>Consumers’ mobile phones are their lifelines.</td>
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<tr>
<td>Bloggers are amateurs who should stick to their day jobs.</td>
<td>Consumers trust bloggers as the new tastemakers and truth tellers.</td>
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PART I

The Future of Brands is Open
If you’re still clinging to the comforts of the brand-made world, maybe you didn’t get the memo (or the IM...or the text message) about the web-made world. The web-made world is created by individuals, not manufactured for the masses. And it’s turned the brand-made world on its ear. Brands can’t control this consumer-created space; they can only visit. That is, unless they engage richly, deeply and meaningfully with these new consumers who are stealing the show.
To buy is to belong... and to belong is to share.

Some features of a great brand will never change. These include holistic, distinctive design. Carefully packaged messaging—and carefully messaged packaging. Innovative products that anticipate the needs of a changing audience. And brand experiences that have lasting emotional resonance with consumers.

The best brands also propagate a lifestyle. They are passports to a social realm beyond the individual drive to own and consume, where belonging becomes more important than buying. They are codes that communicate commonality and create a sense of community.

The iPod buyer is purchasing not only a portable music gadget, but also a backstage pass to a hip urban scene populated by Bono, The Black Eyed Peas and those übercool silhouetted dancers from the Apple ads.

An Abercrombie tee might look like just another shirt to the uninitiated, but to its wearers, it implies membership in a seemingly elite class of sexed-up power prepsters. Likewise, Harley-Davidson bikers aren’t two-wheeling because it’s the best transportation option; they’re hitting the open road with other mavericks who live to ride and ride to live—together.

Though the most successful brands are those that foster a sense of distinctive community around their products, for today’s consumers, community-by-brand-association is not enough. Now, before, during and after a purchase, consumers are engaging directly with each other through blogs, ratings and reviews, tagging and other interactive forums. They’re sharing opinions, riffing off of each other’s creativity and seizing control of the messages and values that brands once generated and propagated.

These peer-to-peer digital communications have begun to upstage brands as the gateway to coveted membership in communities—however abstract or ephemeral. For brands to survive this relationship shift, this digital displacement, they need to engage the tribal tendencies of online consumers on their own turf. Brands have to support those communities that have the closest affinity to them—and create some of their own.

Why are so many brands slow to react to this dramatic upsurge of consumer communities? Why are some brands seemingly closed to a two-way dialogue between themselves and the consumer? Or between one brand fan and another?

They’re victims of their own success, for starters.

“The internet is the world’s best platform for connecting people.”
—TIM ARMSTRONG, PRESIDENT, ADVERTISING AND COMMERCE, GOOGLE
THE CLOSED BRAND’S DISTINGUISHED RUN
For the last thirty years or so, brilliantly controlled brand management was the perfect approach for persuading a mass market of credulous consumers, who willingly—even eagerly—put their faith in brands.

This has been the successful brand’s time-tested formula: careful control over its image, meticulous attention to detail in execution, and a well-choreographed consumer experience at every touchpoint, all at the direction and discretion of the brand manager.

This tightly closed approach has helped mega brands like Coca-Cola, Microsoft, IBM, Disney, McDonald’s, Nike and Starbucks dominate Interbrand’s global Brand Scoreboard year after year.

While some of today’s top brands continue to succeed by staying their current marketing course—sealed off from rising consumer influence in their hermetic universes—it’s only a matter of time before chinks of cultural obsolescence appear in their armor. These will make brands vulnerable to waves of pressure not just from creative and communally-minded consumers but from nimble, risk-taking competitors as well. Against so many change agents, even the behemoth brands of the last and current century won’t be able to stage a defense.

The closed brand will be overwhelmed by the passionate, powerful consumer who wants her brands open—or not at all.

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<thead>
<tr>
<th>WORLDVIEW OF A CLOSED BRAND</th>
<th>WORLDVIEW OF AN OPEN BRAND</th>
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<tr>
<td>TARGETS CONSUMERS</td>
<td>FOSTERS COMMUNITIES OF CONSUMERS</td>
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<td>REQUESTED, PERIODIC FEEDBACK</td>
<td>24/7 FEEDBACK, INPUT-FOCUSED</td>
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<td>CREATED BY MARKETERS</td>
<td>CO-CREATED WITH CONSUMERS</td>
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<td>BRAND MANAGEMENT</td>
<td>BRAND STEWARDSHIP</td>
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Burton Blazes a Trail

While other brands might view interacting with virtual communities as risky, Jake Burton, founder and CEO of Burton Snowboards (not to mention founding father of the sport itself), recognized early on that his following was tech-savvy riders who were as active online as they were on the slopes.

Famous for chatting up fellow riders, Burton would solicit live feedback on every lift ride and cycle it back into web-based communications that nurtured valuable, transparent relationships with his customers. This allowed him to stay connected and approachable in the eyes of his customers even while he was scaling his business.

In 1997—a decade before it was a mainstream concept—Burton Snowboards launched an online initiative to enable customers to upload and share photos and engage in threaded discussions, which Burton’s pro riders would join from time to time. Logging on to find postings from Burton pro riders was a rush for the amateur riders and a powerful credibility booster for the brand. This dialogue also provided first-hand data from avid riders, such as how often they took to the slopes, where they rode and their favorite styles. Burton was able to rapidly fold this information into new product development.

Jake Burton demonstrated old-school marketing savvy in knowing his customers well. And he showed he had early open branding chops by diving into his online community to build his brand and business. The result: he currently owns a marketshare that tops 35 percent.

BRANDS AT RISK

Brands are at risk of losing cultural relevance in the web-made world because they’re adopting trendy technologies without developing fresh insights into this new breed of interactive consumer. Even worse, some brands are simply waiting for this open season to pass, or at least to seem less chaotic, less of a threat to the completely choreographed success they’ve long enjoyed. Confronting accelerated change and the lack of appropriate resources to keep pace, marketers’ resistance to the brave new world is understandable.

But the newly leveled marketplace described by Thomas Friedman in *The World is Flat: A Brief History of the Twentieth Century* needs a connect and collaborate brand communications model, not the old, vertical command and control one whose ultimate expression was the 30-second TV spot. The real risk for brands today is in not opening.

The bar is being raised by innovators like YouTube, Flickr, MySpace and Digg, which are redefining cultural relevance, paving the way for brand co-creation, social networking, citizen journalism and more. Now all brands are expected to provide faster and more customizable experiences, more enhanced content, and more opportunities for consumers to exchange ideas and be both seen and heard.
LEARNING TO LET GO
The open brand is an avid advocate of consumer participation—of leveraging the power of communities and networks—and enables the consumer to influence the brand and co-create its future.

The open brand seeks often unpredictable progress over carefully controlled perfection, cultivates and assimilates consumers’ unorthodox opinions or creative ideas, and makes permanent room for consumers and their communities in the decision circle.

The successful open brand will operate under a new set of assumptions, including that the consumer will gladly ask for what she wants, engage in an ongoing dialogue and frequently share her opinions about brands with the online public. And that the brand must engage the consumer through transparent communication, trust the consumer to co-create the brand message and learn to be guided by impassioned amateurs.

Branding can no longer operate from the top down but instead must build from the bottom up, using as its platform the over one billion internet users accessing over 100 million web sites. Businesses that ignore consumer-opened branding do so at their own peril. It is an unstoppable movement acknowledged by no less than A.G. Lafley, CEO of Procter & Gamble, the largest mass marketer of our times. Lafley challenges: “Consumers are beginning in a very real sense to own our brands and participate in their creation. We need to learn to begin to let go.”
Five Reasons to Open Your Brand

**REVENUE**
Gain access to larger, more diverse audiences more quickly, which will drive growth.

**ROI**
Spend marketing and advertising dollars more effectively and reduce mass media costs.

**R&D**
Collect innovative ideas from consumers and get an early pulse on new products to reduce inventory risk.

**RELEVANCE**
Keep pace in the digital age by showing cultural alignment with the rising expectations of demanding, participatory consumers.

**RELATIONSHIPS**
Turn your key assets—your consumers—into your best allies.

and the icing on the cake...

**RECRUITING**
Attract talent whose open source philosophy correlates with the tenets of an open brand.
In a web-made world, “open for business” doesn’t mean what it once did. In fact, it now means “never closed.” But in updating the sign that adorned storefronts for generations—to make it truly a sign of the times, it would have to read O.P.E.N....
O...IS FOR ON-DEMAND.

Whatever today’s consumers are seeking, they want it—and often get it—“right now.” In a world where instant gratification is a way of life, on-demand is consumerism taken to its logical extreme. Overwhelmed by choice online and off, time-starved consumers demand accessibility, immediacy and findability. Of course, being an on-demand brand isn’t easy: the logistics, infrastructure and resources needed are infinitely complex and costly, from just-in-time inventory systems to in-store pickup services to rapid information delivery to mobile commerce. But brands can no longer opt out of being on-demand if they want to capture the hearts and wallets of today’s quicksilver consumers.
Just as it was before the web proved itself a serious channel for brand-building and sales, the online landscape remains the province of the people, not companies. People online leave behind traces of their unique personalities, preferences and behaviors, both through passive clicking and surfing, and active participation and sharing. These vast realms of identifiable, unique individuals negate the old idea of target markets broadly bucketed by age, gender, income or education level. That’s why, to be open, a brand must get personal—not with one market of many but with many markets of one—building relationships through constant consumer dialogue and effective cross-channel profile management that bring the brand closer to each consumer’s real-time needs, wants and expectations.
Brands once competed for consumers’ mindshare by pushing out mass market messaging they thought would appeal to their audience. Now, that audience has taken the stage, and brands must share the spotlight with creative consumers whose long tail of personal narrative, niche expertise, and mixed media productions can make a standard TV spot look static and self-absorbed. Marketers must develop content that is immersive, participatory and relevant in order to earn a place in the social web and consumer conversations. Interactivity is key to deepening consumers’ emotional connection with a brand, so open brands must provide meaningful and engrossing experiences that foster consumer relationships online—and off.
A single consumer has exponential brand potential when she goes online. She has a lifetime value, as she always has, but she also has *viral* value as she engages with her various online communities, as both the message and the medium. Open brands become part of social networks by marketing to the niche of communal consumers who interact with other like-minded consumers online. Though niche marketing is hardly new, the network effect of online word-of-mouth marketing is. So the more the brand works the network, the more the network works for the brand.
INTERNET AS CHIEF OPENING OFFICER

The good news is that companies don’t have to hire yet another chief to get O.P.E.N. The internet is already working on your new strategic imperatives, though maximizing its potential might call for a business realignment. Brands need to move the digital channel toward their internal center of gravity, where it can radiate out to integrate and improve all consumer touchpoints.

A well-designed web site with interactive content can invite more consumer dialogue. Online promotions can drive foot traffic and increase offline sales. Web sites with visualization tools can provide in-depth decision support. Targeted online advertising and microsites can extend the reach, experience and impact of broadcast, print and out of home (OOH) advertising. E-catalogs and e-coupons can reduce analog costs of distribution. Mobile campaigns can deepen a brand relationship fueled by the web. Self-explanatory, easily navigable web sites can offset call center costs. And so on, as benefits emanate outward from the digital hub to every channel and every consumer.

The internet as chief opening officer doesn’t need a corner office but it does need a central location within the enterprise to integrate otherwise disjointed business processes, customer marketing and operations. Once the internet becomes a brand’s hub of interaction, consumers gain the fluid, responsive and expansive brand experience they crave. And you don’t even have to pay an annual bonus.

The internet as platform that integrates all customer touchpoints, elevating the entire customer experience. Forrester Research predicts that over $1 trillion in offline sales will be web-influenced by 2012.
Many of today's best brands are powered by the technologies, traits and trends of the digital channel. Old mass marketing push tactics are being superseded by the pull of an online population prolifically creating, sharing and influencing each other. The potent pairing of digital notoriety and network effects has given rise to a new cultural authority: the icitizenry.

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