Podcast

Customer first thinking.

Brand Stewardship

An Interview with David Kincaid, Founder and Managing Partner of Level5 Strategy

David Kincaid:

David Kincaid is the Founder and Managing Partner of Level5 Strategy, a brand consultancy, and the author of "The Brand-Driven CEO".

Welcome to the Customer First Thinking podcast, Episode 18. My name is Stephen Shaw, the host of this podcast. In this episode we interview David Kincaid, the Founder and Managing Partner of the brand consultancy Level5 Strategy, and the author of a provocative new book called "The Brand-Driven CEO".

As the world awakens from this pandemic-induced slumber after what seems an eternity, brands will be facing a very different looking marketplace. A fatigued consumer population, whose buying habits have been warped by a succession of lockdowns, is likely to emerge from their cocoons with a changed outlook on life. Whatever brand loyalties they may have once felt are likely to be severely frayed. Brands will need to work extra hard to shore up these loyalties, assuming they are even recoverable after so long a period of dormancy.

The brands that succeed will be those that remain relevant to the lives of the people they serve. Those are the brands powered by a commanding vision that unites everyone in the company. Responsibility for shepherding the brand is shared across every business unit, not just the marketing department. And the most vocal evangelist is always the CEO or Founder. Think Apple. Cisco. Amazon. Proctor & Gamble. Coca Cola. Warby Parker. All brands that continue to thrive, even in tumultuous times like now.

Yet most companies today are not governed by any kind of unifying brand vision and purpose. They exist primarily to serve the interests of shareholders. Brand building is seen as a marketing expense. Even a frivolous one. They confuse it with advertising. The language of branding mystifies board members. Terms like unique value proposition, mindshare and brand equity are alien to them. The CFO scoffs at attempts to treat the brand as worth something. Unable to put a dollar sign on brand name recognition, the value of the brand gets lumped together with other intangible assets like intellectual property under the heading of "goodwill" on the balance sheet. Never mind the fact that the market value of a brand could be worth many times the physical assts combined.

Brand management, as a discipline, grew out of the business practices of the major consumer goods companies in the mid-20th century. Companies like Proctor & Gamble, Unilever, Colgate-Palmolive, General Foods, and Kraft developed rigorous product lifecycle methodologies to develop, launch, nurture and retire brands. As the discipline matured, it became tightly integrated with financial and operational planning. Brand managers were schooled in all aspects of business, not just the marketing side of it. And as they moved on to other commercial sectors and industries through their career, they introduced that same planning model to other organizations.

At the start of this century, however, the strategic focus of most companies had swung from brand building to maximizing shareholder value - from investing in long-term growth to seeking short term profits. Marketers were now being asked to prove the link between brand building, shareholder value and the bottom line. And when that proof failed to materialize, or was unconvincing, brand budgets were deemed to be a discretionary expense, subject to cutbacks. And that's largely been the story of the past two decades, as many businesses were taken over by CEOs with a financial mindset. Today the attention of CEOs is rivetted on driving up stock value (in large part because their generous pay packages are wrapped up in stock options).

If companies are to survive the uncertainty and disruption that lies ahead, the brand must be the face of business strategy, as David Kincaid argues in his new book "The Brand-Driven CEO". A long-time branding expert, whose early career was spent learning his trade at General Foods, American Express and Labatt during the glory years of brand management, David has witnessed with growing alarm the declining influence of brands. He urges CEOs to transform their businesses into brand-driven organizations and cultures. In his book he lays out a roadmap for CEOs to operationalize brand strategy and shelter their companies from the post-pandemic fallout.

I started the interview by asking David whether his message was aimed at the CEO who doesn't take branding seriously, or the CMO who isn't being taken seriously by the CEO.

DK

David Kincaid (DK): Well, it's a little bit of both. And Stephen, thank you for having me I'm really enjoying. I can't wait for this discussion. Let's put it this way. I wrote the book probably driven more by an observation over my 40 years in the brand management world, and how the understanding of the concept of a brand had changed, how the accountability for managing that asset had changed, and ultimately, the confusion or lack of understanding of the brand as an asset. You know, as I say, to most CEOs, your brand is probably the most misunderstood and underleveraged asset sitting on your balance sheet. And a lot of them kind of give me a, "What? But we just did a new website". And it's like, "Well, that's good, but that's your marketing. That's not your brand."

So, the reason I wrote the book are those three driving factors, but it's all rooted in the world that I started in, which was a classic brand management-driven organization. In the '70s and in the '80s, you know, the old stalwarts, like Procter and Gamble and Colgate-Palmolive, these were brand tight - they managed the assets. And I was fortunate enough to be given an opportunity despite not having a business degree to be brought in by General Foods.

When I started there, I actually started my first day and they said, "Well, you're going to work on Maxwell House coffee." And I thought, okay, well, I'm not a big coffee drinker, but I've been seeing a lot of ads for Maxwell House coffee with Ricardo Montalbán as their spokesperson. And for those of us old enough with the gray hair to remember, you know, he was very popular on a show called "Fantasy Island." And then he did a lot of "Star Trek." And I thought, wow, this is going to be great; I get to start, and I get to meet Ricardo Montalbán at an ad shoot. This is going to be wonderful. And I quickly had that balloon popped. I was traipsed down to an office. There's a little hole with a single light bulb. It was almost like a holding cell. And back then, you know, there's no computers and everything wasn't digital, and they would pound these big pads of paper down in front of me. And they'd say, "Here's your AC Nielsen reports. "Here's your volume shipment reports. Here's your warehouse withdrawals. Here's your manufacturing and inventory control report. And I'm going, "Okay, good." But you can't look stupid on your first day. And I'm thinking, well, this is great. I've got all these reports, and I was this close to saying, "When do I meet Ricardo Montalbán?" And my boss, who became a colleague later on in my career, said, "So, welcome to General Foods. Here's all this information. You've got a week, you know. The coffee and the kitchen is down the hall. Find out where the washrooms are. Meet some of your teammates and look over all of these big stacks of paper. And I'd love to get some ideas that you might have after looking at them on how you might suggest we add half a point to the merchandising margin on roasting ground Maxwell House." And I went...

SS

Stephen Shaw (SS): And you said, "Say what?"

DK

No, no. I said, "Well, of course. I'll get right on that." And he walked out the door, and I'm going, "Out of what, do I who?" I don't even know what the hell the guy's talking about. Well, fast forward, I learned very quickly what all those were because what he was equipping me with is the foundational elements, the data, by which to run the business - not the marketing, not the ads with Ricardo Montalbán - but how to grow the profitability and sustain that growth in a very, very competitive marketplace. So, you were trained on how to run a business. And that's why those training grounds back then were as sought after as they were because they were really breeding the next generation of CEOs.

So, that's the world I came from. Forty years, 25 years later, when I went to start my current firm, Level5, I'd had the opportunity at some very senior marketing roles and some real brand leader organizations like Labatt, a group of a startup at Corus Entertainment when we decided we wanted to introduce brands into the media landscape. And through all of that experience, what I came to realize is that during that period, for a whole bunch of factors that I talk about in the book, most of it being how growth was actually created and delivered throughout the '90s, the early 2000s. And without giving away everything in the book, it's what I call "bought growth", not organically created growth... [11:09]

SS Going out and buying companies in other words.

DK Exactly. And then consolidating them, and you were able to keep the bottom line and the margin is quite healthy if it was a good strategic acquisition because all you did was basically remove a lot of duplicated costs from the business systems. So, on the surface, the numbers all indicated, wow, this is all working. But as you and I both know, you can't cost-cut your way to sustained profitable growth. At some point, the market has to value and want that important brand, that asset that you hold and you belong to. And the problem was because the "bought growth" had been over such a long period of time, these training grounds, these wonderful places that taught you what a brand really was, had been bought and consolidated. And a lot of those investments had been removed from their infrastructure. So brand management had devolved into marketing management.

SS And CEOs were largely technocrats that came out of the finance ranks.

DK They were hands-off, exactly. You know, it's brand. What? It's marketing. Well, it's, "Go give that to my marketing people." Well, okay, if you think your brand is marketing, but your brand is a very precious asset. It is the value as I say, in the last two books I've written, the value of a promise consistently kept. And that sounds easy but at the end of the day, Stephen, that responsibility, that accountability, for managing the value of these assets, has to be held at the highest levels of the organization, the CEO.

SS So, in the period, the early years that you were describing, because it seems to me that you're arguing for a back-to-basics model or back-to-basics thinking in some respects. And we're gonna get to that a little later in this conversation. But in those early years, was the CEO more savvy, or was it simply that in the packaged goods world, CEOs did rise up from the ranks of marketing often and just understood the value of a brand and industries outside that sector may have been still suffering from that same myopia?

DK Well, CEOs, I'm not trying to paint everything with one brush, and everybody with one brush, obviously. And I'm certainly not saying, "Let's go back to the way it was in the 70s." The market and the capabilities, the information that exists, you're playing in a completely different... you know, you were playing hockey back then, now, you're playing football. I mean, you're still playing a sport, but, boy, the rules have changed, and let alone the equipment. So, you really got to take into account the changes during that time. So, CEOs were equally as savvy but I would say they were probably more savvy within... you know, think about the tech boom. They were more savvy in developing new capability, new technology, new ways of gaining, sharing, using information, to all of our benefits, new ways to communicate. Look at what you and I are doing here. I mean, 20 years ago, this was still a dream. So, these CEOs bring that wonderful entrepreneurial drive that really fuels innovation. But as a result of that, most of the savvy CEOs are strong with technical skills, right? And they say, they acknowledge, like, "I know that my brand is important and I know I need to create a brand in the market but I'm going to bring in somebody who can help do that." And that's fine.

So, you asked earlier, the role of the CMO. Well, the CMO's role during those down years, the consolidation years, really had, unfortunately, devolved to marketing capabilities. Not insight, not market trending and opportunity and product development capabilities, understanding where the market is headed, being able to develop value propositions to take advantage of those unmet needs, and actually to create new needs. And then to be able to mobilize an entire organization towards delivering on that unmet need, that was not the role of the CMO. The CMO's role was to do the new website.

And I think the marketing industry...I sit on a couple of industry councils. I think the marketing industry acknowledges that and that's why marketing suddenly went from being an important value driver, value creator role to being a cost center. It was marketing, which was in a lot of cases, communications. It's a variable cost. I can cut it if I need to. If I'm having a bad year, I can reduce my investment in marketing. Well, that's true but that's assuming you look at marketing as a cost, an expense, as opposed to, "Well, no, it's a very important, if thought through properly, a very important strategic investment in the return." And the growth of that asset, that business system; it's not just about putting out some ads to get people aware of it. It's actually delivering in a compelling way, in new ways, your promise to the market and engaging the market and creating a leadership position in the market. I mean, let's face it. Apple comes out with the new 12G or whatever we're on now, the Apple 12, i12. You know, do you honestly think that the unit itself, the thing I'm holding onto, makes people stand at 4:00 in the morning in the pouring rain outside one of their stores, so that they can be one of the very first to have it? No. The brand, its reputation, the savviness of the marketers of that brand, they've created an emotional need more than an actual rational or functional need. Sure, I want a better camera. But can I live without it? Sure. But I got to have that new Apple iPhone. It's a badge.

SS And just to go back again to that earlier era then, because you were arguing for the demarcation line between brand management and marketing, who would you have reported up the line through in General Mills in the old days? Who was your direct report line? [18.50]

DK General Foods. General Mills was the editor.

SS Yeah, General Food.

DK I see it still gets my blood going. I'll be honest. I reported up to what they called then a category manager, an individual who is responsible for an entire portfolio, a mini-portfolio of light products, whether it be a coffee, category manager, cereals. And that category manager reported up to the senior vice president of marketing and sales, who reported to the CEO. So, in a weird way, even back then, I was maybe three steps away from the CEO. And our CEO... and I had that great opportunity to work for two of them ... they would spend as much time walking the floors talking to these brand managers to understand, you know, "How are we doing? What's the health and the wealth of our business?" Not, "Where are you with your new packaging design?". "Talk to me, where's the consumer going? How is the market shaping up? How does a new competitor come in and possibly influence those shifts? What do we need to defend against and what can we attack on?" It was a very, very strategic role, and the CEOs were, and the C suite, so, the senior executive of marketing and sales, were very, very involved, hands-on involved, with people at brand manager level like myself, to the point where I actually had to report monthly to that senior executive of marketing and sales - monthly.

SS When did the change occur? At what point did that structure, that hierarchy if you will, change? Was that a '80s phenomenon, a '90s phenomenon, more recently?

DK Well, no, it was actually something I had to go back and research. Like, when was that demarcation point, for this new book. And interesting, for a whole number of reasons it was right around the time of the initial tech bubble. So, in the early 2000s, and we all remember the tech bubble bursting in 2008 [2001]. So, it was all through the late '90s, early 2000s, is when this started to shift, but leading up to it, you might remember, just absolute rapid acceleration of market value, market cap, on many companies that didn't even exist. They hadn't proven anything. They were so speculative but, you know, you had companies that hadn't even gone to market yet who are trading at absolutely unreal multiples because the market thought of what they were going to be able to deliver and they wanted in on it, right? But what that had was a ripple effect. And again, I'm making very broad, and I acknowledge sweeping statements here, but they link together because the rate of growth in the market, the expectations even amongst very established, kind of, conservative, slower-moving sectors, the bar raised for everybody, and suddenly, the quarterly analyst calls became hugely important to a CEO and a CFO because they had to explain, you know, growth or lack thereof. And that focus really is what started the whole, I call it "growth through acquisition". Now, I bought the growth so that I had the numbers to say, "Look, I'm keeping pace with the market."

And I could do that in a much shorter period of time than launching a brand, seeding a brand, allowing its equity to develop over time and loyalty within the market, etc., etc.

So, there was this huge acceleration in expectations for growth. And it was right about that time that, you know, the absolute skill sets, the expertise required for a lot of this M&A activity and a lot of this growth through acquisition, it didn't rest with the former CEOs who were brand-driven. It rested more with people who had a very strong, you know, financial set of skills. And it was what it was, I'm not saying whether it was right or wrong, but what that really did was right about that time that you have a different type of leader in the boardroom and a different type of focus and accountability for that leader, and it was then that, you know, brands became things that I acquired and then consolidated and then took to market in an efficient away as possible to keep growth moving. And that was a very, or let's say, it was a much more short-sighted approach to managing because it was on the quarterly. And that, you know, as you and I both know, you can't manage brands quarterly. [24.27]

SS So, longer-term investment and build. I've read where something like 3% of board members have marketing backgrounds and now what you are suggesting that a similar ratio applies to CEOs. And your book is, again, aimed at that CEO and presenting a model for them to adopt. Can you provide a brief overview of that model? What do you think are the main pillars of this new branding model that you're recommending?

DK Yeah. And I'm glad you said it the way you did because, again, like I said earlier, I'm not suggesting that we all go back to the good old days. You can have a financially oriented, financially experienced CEO. All I'm trying to do is get those individuals to acknowledge this under-leveraged, under-used asset called their brands and to put as much focus on that as they are on other cost containment or, you know, other new product and innovation investments, you know, the kind of CAPEX that goes to those - use this wonderful thing that you're sitting on. So, what the book tries to do is say, even if you don't come with a brand management background and pedigree, it shouldn't take away your accountability in managing the brand as an asset. And here's a simple kind of a roadmap, if you will, on how to go about doing that.

So, the framework that you refer to - we did a lot of research globally, not just in Canada, with a whole range of CEOs and many of whom, like I say, were not brand pedigree, but had developed strong global brands. And these weren't one-offs. They had at least five years of acknowledged continued growth. And we talked to them about their role, their contribution in making that happen. And it came down to six success factors that a lot of them talked about. They may have referred to them differently, but they were all saying the same types of things. And again, without getting into too much of the detail that's in the book, what really drives these success factors is this individual's ability to articulate a purpose, vision, and a direction for the brand, not for the stock price, but for the brand. Why are we in business? They ask fundamental questions like, "What business am I really in?" And they acknowledge that the answer to that isn't always trapped in what I make or produce or sell. It's about what benefit, what value am I bringing to a fast-changing market? So, it's this ability to articulate a stronger sense of purpose, vision, and long-range strategic direction, and then to be able to align their teams around it, get them excited, inspired by that direction. And if you're not, you're not on the team - and then an ability to communicate all this in a very compelling fashion - storytelling. So, the six success factors are in those three broad bundles. But the other fascinating thing that we discovered, and this is the other part of the framework, is they all operated with what we ended up calling in the book the new four Ps. So, there's the four Ps of marketing, which have been around since '50s ..

SS Products, price, and place. Yeah.

DK And promotion. But those are the four Ps of marketing. So, as I say, your brand isn't marketing. That's what your marketing CMO should focus on. The four Ps of brand management that we discovered with all of this research were People, Process, IP, and Partnerships linked to this vision, this purpose, this ability to inspire. To attract a certain type of individual, competencies, soft skills, hard skills, technical skills. You structure them. You put them into the right type of an organizational structure that allows these competencies to really deliver at 150% of productivity. You create a culture that allows that to happen. You communicate effectively within this organization. So, the role of people has a lot of moving parts to it. And these are not things that the HR department has accountability for. These are the things that the CEOs took personal accountability for.

Process. Therer's always two or three core processes. Once I know what benefits I create in the market, not what I produce, but what do I need to have to be able to deliver on my promise to the market? Those two or three core processes, they go to great details to map and to understand and to deliver at world-class levels. They're not trying to be great at everything. But given our promise to the market, if we're not great at these three things, we're dead. So, those core processes, if you mess them up, and if you are not at world-class standards... it affects the value of your brand, your ability to consistently keep the promise of your brand.

IP. This one I kind of played with the P on that one. But you know, 72%, last year, of the value of the S&P 500 was driven by intangible assets, not hard assets like buildings, you know, delivery trucks. These were patents, trademarks, copyrights, you know, brand value, asset value. So, these intangibles suddenly become something that are critical in creating and driving brand value and how and what you focus them on and what you do with them. Again, I'm not talking about the legal process. That's for your in-house...your out-of-house counsel to protect, a file for those patents and get that. But if you don't view the soft assets as critical to your brand and its value, then you're missing, really, the core driver to the value in today's marketplace. [31.39]

SS It surprised me when I read that chapter, you know, the fact that companies could take those intellectual assets so cavalierly and not protect them with their lives.

DK It is scary. And without naming names, we came across some organizations that you would have very high...and the market has very high respect for, but they have no process around managing or leveraging that intangible value. It is scary. Think about in today's security-driven world the risk of being hacked. Well, if your product is driven off of a recipe or a patent from a technology standpoint and you don't have it solidly protected before you even start to leverage it, boy. And that's your responsibility as the CEO to make sure that that important driver of value is protected.

And then the last one is partnerships. We are, for all the right reasons, past the stage of having to be able to do everything ourselves in-house. When I started at General Foods everything was in-house. We had the General Foods kitchens that did all product development. We had a huge legal department. We had a whole training division. We had a planning group. We had, like, massive overhead. Partnerships that allow you to bring your brand and its intangible value into the market and either be part of helping create and deliver that or be part of, you know, bringing added value to what you do to create even, you know, more exponential value. Those partnerships, strategic partnerships, have become the lifeblood of many of these, you know, top S&P 500 brand-driven organizations. So, that's the new framework.

SS And just to pick up on that conversation about partnerships, you're starting to see these platforms being created where there are multiple partners collaborating on serving a specific segment of the market. That, you know, I would expect to be a big part of companies' business models going forward is, how do they encourage those types of platforms to be created?

DK Well, you know, again, an interesting case study on this is in the book, all around General Electric. Now, we know they've had their ups and their downs of late. But when you look at their actual line...their amazingly broad lines of different businesses, the equally amazing range of partners that they have involved in helping deliver those brands into the market to be able...and it could be in the area of innovation and creation. It could be in the area of protection. It could be in the area of delivery to the market. It could be a marketing and sales - a licensing kind of a partnership. It's any and all of the above. But in some cases, they actually have partnerships with companies that on the surface you would look at as their direct competitors. And they are direct competitors, but in these specific brands and areas of business, they've decided to collaborate. So, I found it quite interesting that they would be willing to work with direct competitors in some cases. BMW, the range of technology partners that they work with in developing the next generation of smart car without giving up their core brand essence of performance. These are smart cars that perform. So, it's quite interesting when you dig into these strong, financially strong brands, how they use strategic partnerships to deliver that value.

SS Now, the other big P, if I may, and it's embedded in one of your Ps, is this idea of purpose. I wanna focus a little bit on that because brand purpose is certainly the topic du jour just about everywhere these days. But your definition of purpose, I think is, and correct me if I'm wrong here, but is...what is the main or core benefit that that organization delivers to its customers versus the current, if you will, definition of purpose, meaning sort of a higher-order role in the world, a change-the-world purpose? Do you make a distinction between those two things? Are they one in the same? Does one ladder up to the other? How do they work together?

DK In many cases, they ladder up, but I'll be honest with you, purpose is a big heading. It's a big umbrella. And what we discovered is that these CEOs are very good at articulating purpose. In some cases, that purpose might be focused completely to the benefit of stakeholders within the sector they're competing in. And so it could be...I guess, it's almost a self-directed purpose, right up to...you know, we do business in order to save the planet, to improve the rights and diversity of all genders, to involve people from all parts of the world, to eliminate barriers. So, I mean, it can be very self-focused, it can be very world-changing, but the fact is, they all have one. They're not just there to produce widgets and sell more widgets at a higher price. They're doing it for a higher reason. And that, to me, was the "aha" in all of this.

Now, in today's world with everything that's going on, and I do believe coming out the backend of what we're going through right now with this pandemic, these higher-order purposes, Stephen, are going to become more important and a stronger focus to many organizations because they've come to realize they can do business in different ways. They can create value in ways that they had never thought of before. They can engage a range of stakeholders that they've never really had been able to. So, I mean, the expectations for having us all come out of this in a better place and so that this doesn't happen again, I think would be that much more important. I mean, think about it. There's differing opinion on how strong brands in our essential service category of grocery here in Canada have done. I think, by and large, they should be given a pat on the back. And who would have thought, like, a year ago that attributes like cleanliness, safety, control, navigation would have been driver attributes that create value for a grocery store? A year ago, I wanted variety, selection, nutrition? Now, there's a bunch of new things. [39.58]

SS Or consumer goods brands. I mean, P&G has done very nicely as the result of this with its portfolio of products. Clorox has been off the charts as their products are swept off the shelves. But at the same time, you know, what I've read is that, you know, brand loyalties have been tested, that the now frugal consumer is scanning the shelves for maybe generic, cheaper options and not paying as much attention to brand. So, if you're in a category that's popular because of the concerns over health, but if you're on the periphery of that, you know, the brand has been tested in a way perhaps it's never been tested before.

DK Yes. And I do agree. And when you're stuck at home having to order everything online - you know, the pessimists amongst us would say it is testing brands and many of them are failing or the consumer has sidestepped brand loyalty and all they're looking for is convenience and price. Well, okay, if you've let them. I mean, you talked about Clorox. Look at some of what they've done to leverage the equities of their brand in ways that consumers go, "Well, that makes a lot of sense and I'll pay for that." So, the pessimists I personally don't have a lot of time for. I think this is a glass half-full because I think brands have never been given a better opportunity to evolve and create value in new ways than right now and coming out of the pandemic.

SS Yeah, I couldn't agree more. I mean, I think you're making a case that brands can be more resilient by playing a larger role in people's lives and being more meaningful to those people, and creating that emotional connection that you talked about earlier. But that goes back to that idea of brand purpose because without a brand purpose, it gives you license to do that, it's harder to make the business case.

DK Well, and it does give you some degree of focus. Like, there's a lot of things that have gone wrong, you know, over the last year. Let's face it. What did the Queen call 1990 or something, annus horribilis? We've all had one, right? So, you know, the fact of the matter is, you've got a situation where new problems have presented themselves, and a lot of it deals with purpose. Well, any good brand manager looks at problems as opportunity. If I can solve your problem for you, if I can fill a need that you might have now that you didn't have a year ago, well, then suddenly, it's a great opportunity. So, this is why if you think of your brand as an asset, you can go back and you can look at its defining attributes, its core capabilities within its business system, those four Ps, and say, "Now, how else might I be able to use these?"

I was speaking to the owner of a craft distiller in Niagara Falls two weekends ago. And their business has, you know, done okay. People are at home and so they're drinking more, I guess. But they've got a lot of unused capacity. And their product head and their manufacturing head got together and said, "Well, you know what? How do we use this underutilized capacity?" And the distilling head said, "Well, but one of the byproducts of distillation is alcohol. And I've got a packaging line that can put liquid in bottles or containers, sitting there doing nothing." Well, suddenly, they're still producing their craft gins and vodkas, but they're also now producing all of this other type of product. Right? And will they continue? Will that become a whole new business line for them? I don't know. Maybe. Probably not, but it showed them that, wow, if we step back and look at our brand and look at its business system, there's a whole bunch of hidden ways that it can create and drive value in the market.

Purpose. What business are we in? Why are we in that business? How do we do business? Now is the fundamental time to be asking those core strategic questions. And again, no disrespect to my marketing compatriots, that's not the job of the CMO. That's the job of the CEO.

SS As long as, to your point, the CEO recognizes the power of the brand to carry the day.

DK Bingo.

SS So, I wanna circle around this subject a little bit because it speaks to the heart of innovation. And we're on the cusp, I would argue, and you've alluded to it, post-pandemic, of, I would say, a wave of fairly disruptive change if consumer habits continue along the lines they have been, and that attitudes start to change and habits will follow those attitudes. Who in the organization then has responsibilities for connecting the dots between these emerging trends and extrapolating out to what the opportunity could be, in a somewhat similar way you've been describing that craft distiller? Who then has point on that if not marketing, because they're really the only ones holding the ball these days with respect to the customer? Who? Who steps up and helps point or set the strategic direction based on that understanding of where those trends will lead?

DK Well, the point I tried to make in the book is that it's the responsibility of the C-suite, so, senior leadership. And again, I don't care whether that's your head of manufacturing or your head of marketing or your head of sales or whoever. It's that leadership team that really...because they all come with different perspectives and different skill sets, if they're all kind of following the guardrails of the brand and its purpose, putting those dots on the table, at least, is the job of senior leadership. And I'd like to think if they're a good, well-performing team led by the CEO, they together connect those dots. So, that's the point I make in the book.

SS So, they can't do that clearly in isolation, right? They need...

DK Exactly.

SS They need a system, akin to what you described in the book.

DK Exactly. Now...and I'm not going back on what I just said. I'm actually now talking about - because we're all learning every day. I mean, we're learning something new daily right now. So, I'm speaking now as, kind of, a 40-year marketer who wants to see the role of the CMO or the Chief Commercial Officer, which is now becoming, you know, more of a C-suite role... now is the opportunity for that individual to return to that role that I talked about in the '70s and the '80s. They are the strategic growth guardian. So, they should have their hand on the trends, on where the market is headed, where the consumer is headed, where new consumers are headed. Not our existing but people that we've never talked to before. Where the competitors are headed. So, you suddenly...you've got this great opportunity to pull them out of a marketing executional role into an insights, growth-oriented, future-oriented strategic role. So, the C-suite, the team, is required, but I'd love to see that Chief Commercial Officer, kind of, take the pen and lead them through that process. [48.36]

SS I mean, somebody's gotta be the voice of the customer in the boardroom or in the C-suite, as the case may be. Are you making the case, though, you know, as opposed to having two, you know, obviously, complementary teams, one, the custodian of the brand, the other taking control of the go-to-market strategy - is it possible, though, that you can just simply redefine the mandate of marketing to say that you are both brand custodian and go-to-market? I mean, I think the knock on marketers today is that they're technicians first and foremost, they're soldiers taking orders, as opposed to thinking through the strategies that need to be pursued in the face of this extreme uncertainty. Is that the route to go - a more empowered CMO I'm arguing for - that does exactly what you were just describing, which is taking that voice of the customer into the boardroom?

DK And that evolution of that role that you just described very well is what I'm saying...that's what I am hoping marketing and CMO leaders begin to assume that role. I don't know about you, but I mean, don't wait to be asked. I had my wrist slapped a whole bunch of times when I was, you know, managing the marketing at Labatt for maybe pushing a little bit too hard or outside the boundaries. But you know what? First in wins. And I'd rather be 75% right and first in competitive marketplaces.

SS Well, I remember you from Labatt because I was, at the time, a database marketer, if I can use that label. And you were doing something really cool then with Labatt in that whole area. You were a harbinger of the content marketing phenomenon that, you know, has crested today by deploying that exact technique. The magazine that you created...the lifestyle magazine that you created at the time was pretty cool and unique.

DK And that was, you know, well before the technology allows for the broad application of it. And I'll be honest with you, what gave me the, I'm gonna say courage, to start that type of thing was my time at American Express who even back in the early '80s were still... it was direct mail back then, but they were... wow, I mean, personalized. They used databases to create more customized content. And so I saw the power of that. And then here I am in this industry that was still, kind of, trapped in the old-fashioned ways. So, when I brought the first idea forward, you know, everybody within Labatt was like, "I don't even know what you're talking about. If the liquor board will approve it, sure, I guess, go ahead." And the liquor boards are looking at me like, "He's never asked us about the ability to do that." So, I had my wings clipped, you know, and I ruffled some feathers. But look where it got us, right? And sometimes you gotta wait 20 years to be able to say that. So, what I'm saying is CMOs shouldn't be waiting to be tapped on the shoulder by the CEO. Come forward with an informed point of view about where the market is headed and how their purpose that the CEO has outlined has given way to new approaches or new avenues that their brands could be extended into. That's the job of the CMO. It's strategic.

SS And when you think back, to use your P&G example, to the invention of brand management and how P&G put such effort into consumer research at the time, in fact, pioneered the concept of research, they led with insight. And now we have more data than ever before, but we have seemingly less insight than before because no one is charged with that responsibility in the organization to surface these "ahas" that will ultimately lead to an extended value proposition.

DK Exactly. We even use that expression at Level5, like, "Aha!" Like, "Great. Here's the research. Here were the conclusions. Here's what the conclusions that the data led to. What's the insight that comes out of that? And as a result of those two or three big insights, what's the "aha"? What do we know now that we didn't know?" An "aha" isn't just about having that knowledge. It's having an implication, an application of that knowledge. This is what we could do as a result of now having this knowledge. That is a wonderful role for a CMO or Chief Commercial Officer to take.

SS Yeah, no, and it takes people on their teams with those capabilities and skills. And I think.... there's some aspect of that that's lacking today are those competencies. I'm going to switch gears a little bit, David, because I really do wanna get your thoughts on the state of branding today. Scott Galloway, I'm sure you're familiar with him, he's a bit of a gadfly, a contrarian, if you will, loves to poke the hornet's nest. And one of the things he did recently on a podcast with Jim Stengel is say, "We're in a post-brand era." And he made that comment because he said, "Consumers are gonna use man's diligence, the ability to research their choices ahead of time to simply bypass what the brand says about itself." And to go back to the point we were making earlier, you know, the state of branding, being somewhat in jeopardy, what are your thoughts on that? That's part one of my question.

The second part is, branding has developed its own theocracy over time, its own priesthood, if you will, with their own special jargon and way of talking to each other about this, which is a complete mystery to the boardroom and the CEO, to tie that back to the theme of your book. So, given that, given the fact that the future of branding is gonna be under some pressure. And on the other side of it that the brand theocracy hasn't adapted to that possibility, what are your thoughts on what needs to be done to sustain the concept and strength of a brand - you know, beyond it being a system that gets adopted? What will make brands more resilient in how they go about building those brands? [55.48]

DK

Well, I go back to your comments that Scott's made. And to be perfectly honest, I agree with half of them because all he's doing is pointing out what's changed. And the consumer... let's face it. We all know the consumer has access to more information, immediate access to more information. And as soon as you have a smarter consumer, you've got more discretion, you have more discipline in how...it's easy for them to turn around and do their fact-checking, if you will, well before they've even gone onto your website. They kind of know what you're all about. And so, I agree with him that that's the world that we're in, but I look at, you know, great brands play to that. They use that capability. They don't, "Oh, my God, you know, the consumer is now in control. What do we do? We were always in control." Well, those are the brands that won't be around for long.

Look at companies that...brands … that go in and challenge the norm – look at Casper. I'll just pick...they're one that we had a chance to interview for this book. They basically came in and said, "People want comfort. They want personalized comfort. And they don't wanna have to do anything to get it." Right? So, I don't wanna have to go to a store and have some pushy salesman talk to me about a mattress or whatever that, you know, I don't understand half of what he's saying, and he's just trying to sell me a mattress and he says, "Here. Why don't you lie down on it?" And so, you've got 30 seconds and you lie down on it. Come on. I mean, what bed's not comfortable when you lie on it? So, there's the more informed consumer trapped in an old model. Right? The new consumer goes, "I don't need all of that uncomfortable customer experience. I will tell you what I'm looking for. I don't need to lie on it. I know what I'm looking for." And I plug it in and, boom, I end up having shipped directly to me a mattress in a box, right? So it's a totally new customer experience.

SS

Yeah. Well, and we're gonna talk about that shortly. I mean, that's the reason behind the explosive growth of DTC brands, isn't it? The fact that they've identified a gap in the market that's not being well-served and rushed in to own that and stealing share away from the name brands that are out there, as you say, sticking by the old model. So, it's this disruption factor that we're certainly seeing with brands today. But at the same time, it seems to me, I'd like your opinion on this, is that DTC brands are...to go back to the question I was asking about theocracy, are puncturing a bunch of myths around how brands get built today.

DK

Well, you know, you called it the DTC model. Yeah, I guess... looking from the outside in, yeah, it is. It is disruptive. But they built...all these brands built their asset and the business system that accompanies it not with a purpose or a goal of being disruptive. They simply said, "The consumer's moved on. They're a different animal. We're gonna understand that unmet need and what they're looking for in a much more informed way than anybody ever has. So, I just want to serve the customer as best I can." So, I don't consider that disruptive. I consider that good brand management, like, good marketing. The output is disruptive, but they don't go in saying, you know, "I just wanna be a shit-disturber".

SS

Absolutely. But I think the other factor, which again, go back to the point around how brands used to be built. They used to be built, you know, on...apart from value proposition, I'm saying - the awareness of that brand, and the need to push products off shelves, put a lot of the weight on traditional advertising. And we've seen, of course, what's happened with traditional advertising, traditional media. But ad avoidance has become the norm and brands can't be built through messaging quite as easily anymore. So, it comes back down to what we just talked about, brand experience. I do wanna ask you about this because there's this customer experience versus brand experience. Are they one on the same, you know, or can you have multiple types of brand experience within an overall customer experience? What's the connection between those two things? [60.01].

DK Well, go back to...I try to oversimplify it with a model that I say many organizations even today are what I call product-led. We make this thing... we think it's as informed and addresses customer needs as our information tells us. But here, I make this thing and I put it out there and I wait for somebody to buy it, as opposed to being market-led, so not product-led but market-led, where my start point has nothing to do with what I make or sell. It has to do with really understanding, how different is that consumer? What's changed? Which means asking fundamentally different questions because you're talking to them about them, not them as a consumer of this product. And I think, you know, the way in which customer experience equals brand experience, well, I hope so, if you're market-led because all you're doing is creating a brand experience that addresses those needs that you've learned about by asking the market different questions. Now, second part of your question, though, is can that lead to different customer experiences? And the short answer is yes.

SS Yeah. Well, I think of the Dollar Shave Club, you know, on its own offered a unique and special experience. Once it's absorbed into a large corporation where you're working alongside other brands with other different markets, clearly, there's, at that point, you know, a range of potential brand experiences, but at the core of it, you know, I was making the case, that there needs to be agreement that here's our core set of principles around what customers can expect from us regardless of which brand they're consuming.

DK Well, there's a very famous story. Nordstrom is one of the brands we talk about. And let's face it, retail brands these days are...everybody is faced with some pretty tough times. But a very famous story about a young salesclerk working in the women's jewelry department with a very experienced salesclerk. And in comes - this is in New York - in comes Mrs. Smith with her chauffeur with a set of winter tires and walks up to the experienced salesclerk and says, "I want to return these winter tires. They don't work. They don't fit. They don't..." I don't know what her reason was. "I just want to return them." And this experienced salesclerk, quickly on the database, which he's looking at, not a computer with transaction sales, but the database, says, "Oh, Mrs. Smith, by all means, I'm happy to take those from you. We'll take those and we will credit your account and look after this for you. Is there anything else I can help you with?" Mrs. Smith says no and walks out with her chauffeur. The young, inexperienced trainee says, "I don't get this. You just took a set of snow tires from this lady. We don't sell snow tires, let alone in the women's jewelry department." And his response was, "Mrs. Smith thinks we do." Because this guy looked on the database and saw what the lifetime and current net present value of Mrs. Smith was to Nordstrom. So, is he gonna jeopardize that for the sake of taking two big hunks of rubber and throwing them out somewhere? So, the point I'm trying to make is we are now living ... some people say we're about to - I'm now saying, especially through the pandemic, we are living in a world - segmentation is a very common marketing and business principle - well, we're now living in a world of segments of one. And Mrs. Smith was an example. I know so much about her that I will do what I need to do to keep Mrs. Smith's loyalty and to keep her engaged with my brand. And as a result, keep my brand strong and healthy. By segments of one. Can one brand experience deliver multiple customer experiences? You bet.

SS And to go back to your point in your book about people, if that idea is to communicate strongly enough and people believe in it and you create a great employee experience that leads to a great customer experience because people believe in what they're doing and wanna get up in the morning and go to work because there's a purpose to it.

DK Or they're inspired by it.

SS Or they're inspired. And that goes back to the idea of brand purpose and ensuring that that purpose is inspirational to all stakeholders. Tony Hsieh died tragically, unexpectedly, this week and he was probably the living incarnation of what we're just talking about, creating an online brand to sell shoes of all things, but creating an experience that was so extraordinary that it obviously became hugely successful. And he did it because he ensured that that culture that we're talking about translated into a terrific customer experience. So, it is a great example of exactly what you're talking about.

I wanna go back to something we were talking about earlier. Again, I'm gonna tie this back to brand purpose because one of the conversation points in this pandemic, and you talked about, you know, an example of that distiller changing his manufacturing process to produce something that was needed at this moment. We've seen other brands, you know, get engaged in social activism and try to be a voice for social justice. Ben & Jerry's is probably the best example of that, but other brands are stepping up and taking a stance today. In a previous era, maybe when you started your career, brands would have been afraid of that kind of boldness, of being able to stand for something and stand up for something. What's your perspective now going forward with all of the change that we're seeing, for the role of brands in leading society, and making a contribution to the world at large?

DK It's going to become a cost of doing business, if it hasn't already. And again, that's not because these brand owners have suddenly woke up one morning with a brilliant "aha" that, "Wow, we should be …

SS They found religion.

DK Exactly. It's because...they are brand leaders because they are, as I talked about earlier, market-led. The consumer is expecting this higher-order purpose. I teach an MBA class at Smith's School of Business at Queens. And I see this and I've seen it just continuing the trend to go up and up and up. These students who would all be in their late 20s, early 30s, they are so informed, and they truly care about things that, Stephen, our generation...I'm not making it sound like we were irresponsible. It's just we didn't even know some of this stuff existed. The impact of your manufacturing process on fair trade practices, on diversity, on the environment, on the carbon footprint, on... and it makes it sound, you know, in our generation, yeah, that's all tree hugger stuff. It was almost poo-pooed. Well, if you sit in these classrooms and you listen to these people...I look at my own children. My son is verging on activism in the world of environmental. He's taking a degree in environmental science. And he cares so much about the water, what we're doing to the global water supply. And some of what he comes home with, these stories and these facts and figures, they blow my mind. So, it's the business owners and leaders, I think, finally being given access to information. They're learning. They're understanding that their market has shifted. Their market has to live on with the results of our decisions and our actions. And they've got as a good brand, again, sustainable, profitable growth, have to be responsible to those needs.

SS It is interesting. The heightened social consciousness will permeate the next generation of marketers and, hopefully, influence the...

DK And I would say it already has.

SS I think it has. Just that voice. And it harkens back to the '60s when there was a lot of social turmoil and a lot of challenging of authority and of old ways and, you know, a fairly significant change that occurred during that period. And then we lapsed, it seemed, into a coma for three decades and we're just waking up from that coma and realizing, "What have we done to the world in that period of time?" And so marketing can lead that, I think, conversation, not just with the customers but within the company as well to... back to the point you were making earlier in the book, right? That conversation has to be starting in the C-suite and then recognizing that we're about to face this massive sea change in people's attitudes toward everything, and that's gonna influence their attitudes toward the brand. And sorry to sermonize. It is a fascinating subject area because it is a harbinger of so much change to follow.

I do wanna ask you about change, though. You've had a long and very successful career. You've been recognized every which way as one of the best marketers, brand marketers, marketers, period. Sorry to use that term, but in the broadest sense in Canada. Over that career arc, what's the one on fundamental truth, the one inescapable truth that's not ever gonna change, the one thing that you can say that you've learned along the way that despite all of the change we're experiencing today, is the one irrefutable truth about branding and about brand marketing?

DK Your market. So, the consumer. But this applies to B2B brands too, Stephen. So, your customer, right? But your consumer or your customer runs the show. And it sounds so nose on your face, but I've actually been part of organizations where I've worked with clients who fundamentally struggled with that concept. And I don't know whether it's because they don't want to change, they don't want to open their mindset and their perspective, or whether they can't. They're just not equipped. I don't know. But even when I started, the consumer ran the show. And I go back...

I put myself through school playing in a band. Okay? This is all through the mid-'70s. And I was, kind of, the business manager of the band, but I was the drummer. So, my job was to watch the audience, right? And if we needed to change the song list during the set, then that was my call. So, I was the QB calling the audible, right? And somebody would say, "Well, yeah, but why would you change the setlist?" And I said, "Well, I learned a very valuable lesson early on in our band days when this crusty old bar manager came to me and said, "All right. Let's get this straight. So, if you don't play the right songs, they don't get up and dance. If they don't get up and dance, they don't get hot and sweaty. If they don't get hot and sweaty, they don't buy my beer. If they don't buy my beer, this is the last time you're playing in this bar." And I've never forgot that. And my job was to watch the audience. And if they didn't like the song, man, change the goddamn song, or else we ain't getting paid.

SS That's the greatest marketing story I think I've ever heard.

DK So, the customer calls the shots and always has. And the beauty of it in today's world is there's so many opportunities, new, immediate ways to listen to them. And there's a great lyric from a song. I can't remember what the song was, or the band, but, you know, "Can you listen as well as you hear?" Right? And you said earlier, we got lots of data. So, I'm out there, I hear you, and there's all the data. Am I listening to it? Am I looking for those dots to connect? That's the opportunity.

That concludes my interview with David Kincaid. As we learned, brand stewardship has to be owned by the top executives in charge of the business. Decades of excessive attention to shareholder value and cost management have hollowed out brands and disconnected them from the marketplace. The brand must be seen by everyone as an enabler of business strategy, not simply an abstract symbol of what the company does. Brand building should not be strictly a marketing function but a systematic approach to long-term business growth. To secure alignment around the strategic direction of the company, the CEO must inspire people to rally around the brand vision, and find new ways of creating value for customers in accordance with its purpose.

You can find past episodes of this podcast on CustomerFirstThinking.ca where you'll also find articles, strategic frameworks, video and more on the transformation of marketing.

In closing, a big shout-out to Justin Ecock for his contribution to making this podcast happen. Until next time, thanks for listening.

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