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The Era Of Brand Imperialism Is Over. Long Live The Reputation Economy!

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It is safe to call the second half of the twentieth century the golden age of brands in the developed world, as one billion Western citizens were transformed into conspicuous consumers by Madison Avenue and Hollywood. Emerging markets got to the party a little later, but the rampant brand hegemony of the 1990s and most of the 2000s in BRIC countries and beyond gave another billion consumers a dizzying array of products and services to acquire and aspire to.

Where does that leave us today in the immediate aftermath of the 2008-09 global financial crisis, just removed from the biggest crisis in confidence since the Great Depression of the 1930s (before brands were mass market and ubiquitous)? For starters, the word "brand" has extended itself so far as to be meaningless. The high priests and chieftains of the branding world (you know who you are) have literally and figuratively injected it into every aspect of society and culture, whether it fits or not.

In fact, a quick scan of the literature since 2009 shows that the cottage industry of branding is one of the few growth industries in the US, even as evidence mounts that traditional advertising, marketing and branding becomes less and less effective by the day:

- Amazon.com offers 666 different Business & Investing books with "brand" in the title, published after 2009.
- In the past 12 months, there are more than 10,000 articles about branding available online from *The New York Times* alone
- There are over 1000 articles about branding since the start of 2010 that appeared in the pages of *The Wall Street Journal*

Think of how many times you read (as I did recently in Phil Kotler's foreword to Daniel Diermeier's Reputation Rules) or hear someone talk about "brand reputation" in the last year. *But brands don't have reputations – they have brands. Only people and companies have reputations.*

Or consider a recent Weber Shandwick/Forbes Insights survey of 1,900 senior marketing and communications executives with digital responsibility in 50 countries worldwide to identify what makes brands social, and how.

Huh? This is another interesting attempt to anthropomorphize brands – but brands are not people, so they can't be social and thus can't be anything that a human (or group of humans) can be. It just doesn't work, no matter how hard the brand zealots try.

In President Clinton's 1996 State of the Union address, he famously declared that "the era of big government is over." In the same spirit as we enter the 2011 holiday season, it is time for marketers to face the fact that the sun is setting on *brand imperialism* as a 20th century construct and worldview that doesn't connect the dots on what matters to newly liberated 21st century customers.

Consider these storylines I presented at the Forbes CMO Summit last month as proof that product marketing dominance is already yesterday's news with returns continuing to diminish in 2011. Recall my "enterprise vs. product" perception paradigm in terms of analyzing which perceptions (product or the company behind it) have impact in the marketplace:

- **Product perceptions are less effective** (what people think about your products and services plus innovation) and only explain 39 percent of purchase consideration and 41 percent of recommendation behavior for the 150 largest companies with US consumers
- **Path to growth is clear** - effort should be put into the other 60% to ensure growth – managing enterprise perceptions (workplace, governance, citizenship, leadership and financial performance) will produce a greater return.
- **New this year, for those of you with poorly regarded companies in particular** – for customer retention/loyalty, it is all about who you are (not what you do). In low reputation companies, *69 percent of retention is explained byperceptions of the companies behind the products.*

The past 15 years have seen a sea change in how companies approach both the historic art and emerging science of reputation management. Most of the largest companies in the world have been exposed to the concept and importance of corporate reputation by now, but it still takes an act of God, industry risk or self-inflicted crisis for too many companies to "get religion" and take a systematic approach to understanding what stakeholders expect from them (so they can act accordingly).

The reputation management journey breaks down into five phases:

- Phase I: Exploration and Discovery (50-60% of Forbes Global 2000 companies)
- Phase II: Reputation metrics linked to core business metrics (e.g. Net Promoter Score, Brand Equity, Employee Engagement, Loyalty, Growth, Market Share) – 20-25%
- Phase III: Reputation seen as having specific, measurable business impact and also built in to business planning process – 10-15%
- Phase IV: Company leaders are responsible for specific Reputation goals – 5-10%
- Phase V: Reputation fully integrated into enterprise strategy & operations – the elusive "Holy Grail" where no organization anywhere in the world truly is today

The early days of the reputation economy of the 2010s – where what you stand for as a company matters more than what you sell – are still somewhat obscured by the obsession with all things brand. But the times, they are a' changin'.

Generals are always prepared to fight the last war, as the durable proverb goes. It is also true that you go to war with the army you have, not the one you want or wish to have at a later time. Unfortunately, too many companies are still fighting the last conventional war (20th century brand building) instead of preparing to fight and win the asymmetrical, reputation-based conflicts on today's digital Web 2.0 battlefield.

Of course brands have a role, but growth, license to operate and competitive advantage will come from companies who differentiate themselves based on who they are rather than the things they do.