The Future of Brand Expression

Erin Cox Elder (Chanel), Alina Fernandez Arce (Firmenich), Zahia Ghossaini (Chanel),
Nicole Goette Grabow (Fresh), Justin Hartman (L'Oréal USA),
Katarina Kralj-Madiraca (Estée Lauder Companies), Crystal Sai (MAC Cosmetics),
Stephanie Sanders (Coty), Nicolas Vissat (L'Oréal USA), Adele Yeam (Shiseido Americas)

Cosmetics and Fragrance Marketing and Management Master's Degree Program
School of Graduate Studies
Fashion Institute of Technology
State University of New York

Abstract

The extreme volatility of today's world has upended the traditional order of modern society. Trust in government, banks and media are at record lows (Norman, 2016). At the same time, billion-dollar mega-brands are being threatened by up-and-coming independent (or "indie") brands, which are snapping up valuable consumer dollars at record pace. A recent L2 study noted that over "$20 billion in market share value was transferred from big CPG companies to small CPG companies in the US over the past 6 years" (L2, 2017). The one constant in this fast-paced world driven by the proliferation of digital innovation is change. What does this mean for brands in the future?

This research sets out to answer this question by reframing this challenge into three broader areas of study. First, what is the value of a brand? Next, what is the new Brand to Consumer Relationship? And finally, what is the model for success in the future? The methodology for this research includes building on the review of existing secondary research, interviews with industry executives, and field studies in both European and Asian markets, as well as proprietary consumer research. The resultant recommendation is a Brand Humanization Theory that helps to guide brands to create deeper, more meaningful relationships with consumers and position themselves to thrive in the new digital-first world.

Keywords: Brand Values, Future of Brands, Brand/Consumer Relationship

"The way we think about the term brand will become increasingly more fluid."

Vivian Elwalefo, Ogilvy

Introduction

The rate at which the world is changing challenges the status quo by which brands are now operating. With consumers increasingly turning to indie brands, the traditional power-players in the industry are questioning the assumptions by which they have operated for decades. This research begins by exploring the largest macro-trends driving changes to consumer behavior and how they will affect brands in the future. Ultimately, a new hypothesis for how brands can succeed in the future will be proposed.

Macro Trends

i. Commoditization

A commoditized market is defined as one in which buyers display rampant skepticism, routinized behaviors, minimal expectations and a strong preference for swift and effortless transactions regardless of product differentiation (Bertini & Wathieu, 2010). Whereas once consumers had to sift through numerous product choices and use the brand as the differentiator, today they can simply speak to an in-home device to order and choose products for them. Researchers have estimated that Amazon Echo has the potential to drive $7 billion shopping dollars by 2020 (Kim, 2016). At the same time, millennials are moving toward minimalism and a desire to own less and experience more (Marr, 2016). All of these factors have contributed to growing commoditization. A quality product is the minimum expectation for today's consumer, and is no longer enough to sustain a brand. If brands don't think beyond product, they are at risk.

ii. Hyper-connectivity

Technology has fundamentally invaded every aspect of the lives of the consumer. Smartphones keep them constantly connected and social platforms have given them the ability to connect with people both near and far, while simultaneously decreasing the need for face-to-face interaction or voice-to-voice conversation. However, in this era of hyper-connectivity, loneliness has increased. Research shows that loneliness increases the risk of premature death by nearly 30% (National Health Service, 2015), and individuals are now twice as lonely as they were 20 years ago (Entis, 2016). Considering that human beings are hardwired for connection, it is no surprise that consumers are yearning for emotional connection (Peters, 2017). It's at the intersection of technology and emotions where brands have an opportunity to fill the void. According to Kit Yarrow, "Our high-tech, low-touch society has left consumers looking for a sense of belonging – something they increasingly find online, including through brands and retailers" (Yarrow, 2014). Brands that can find ways to humanize themselves in this era of always-on digitalization will ensure success in the future.

iii. Diminishing Trust in Institutions

Consumers' confidence in major institutions has hit its lowest level in 20 years. Only 27% trust in banks, 20% trust in the media, and 19% trust in the federal government – consumers have lost confidence in ten out of 14 major institutions (Norman, 2016). As consumers feel they are losing control in institutions, they will exert control over their spending, choosing brands with greater scrutiny (Edelman, 2017). Brands that miss the authenticity mark risk being called out, brought down, and publicly humbled at the hands of the consumer – in 140 characters or less. Thus, consumers' buying power has become greater than their voting power, and brands will feel the effects. Consumers are looking to brands to be honest and authentic: 84% of consumers believe brands have the power to make the world a better place (Pollack, 2017). This is a white space for brands to adapt and fill in the future.

iv. The Sharing Economy Becomes the Trust Economy

The desire to own less, the need to connect more, and the proclivity to question institutional authenticity have fueled the growth of the sharing economy (Marr, 2016). We are experiencing a major shift from institutional trust, to distributed trust based on individuals. Adriana Stan from TechCrunch has noted the emergence of trust as a powerful currency: "As we get into cars with complete strangers, sleep in the beds of people we've never met and lend money to others on the other side of the world, a powerful new currency is emerging – and it's based on trust" (Stan, 2016). Brands that are top ranked in intimacy have continued to outperform the S&P and Fortune 500 indices in revenue and profit over the past 10 years (Naterelli, 2017). In other words, brands who don't harness and build authentic connections based on gaining consumers trust will be left behind in the future (Leemon, Magids & Zorfas, 2015).

The Evolution of Branding

Historically, brands emerged as a way for producers to differentiate their products from the competition. Brands provided a means for consumers to identify products and recognize quality, which resulted in repurchase patterns if the consumer deemed the brand consistent and trustworthy. Prior to this, local producers, artisans, and craftsmen would have their own shops, or consumers would build and create their own products (Hart & Murphy, 1997). Today's consumer has a multitude of choices across multiple categories at their disposal. For brands, a good product at the right price that's easily accessible to your consumer means that you're simply invited to compete for the consumer's attention and share of wallet. Today's most successful brands have the ability to establish an ongoing relationship with the consumer. Whether purely functional or completely emotional, a successful brand goes beyond merely a product, service, or need of today's sale, seeking to establish an ongoing relationship with the consumer.

Thanks to commoditization and hyper-connectivity, product has become a point of entry; therefore, brands must find new ways to secure and keep consumer trust in order to survive in the future. They must evolve and grow with consumer needs in a way that has yet to be seen. The consumer-brand relationship will evolve over the course of each person's lifetime, with the brand meaning different things to the consumer at any given moment. According to Vivian Elwalefo at Oglivy, "The way we think about the term brand will become increasingly more fluid." The brand of the future will be a dynamic force that will evolve over time.

Brand Humanization Theory

Tomorrow's successful brands will push the relationship with the consumer even further to create a bond of trust. Trust, like time, is an invaluable commodity that's becoming increasingly important to today's ever-shifting world. In order to establish the brand-consumer relationship of the future, this research proposes the Brand Humanization Theory. This theory is meant to outline a framework by which a brand can succeed in a fast-changing world where the consumer is at the center of every exchange, both on and offline. There is no one-size-fits-all formula for fostering trust and connection with consumers, but to do so will require an authentic and strategic combination of the following elements: Brand Actualization, Personalization at Scale, and Inside Out Organization (Appendix 1).

1. Brand Actualization

The first element of the Brand Humanization Theory is Brand Actualization. Author Simon Sinek stated, "People don't buy what you do, they buy why you do it" (Sinek, 2010). In a world where consumers have strong expectations of a brand's role in society, and more power to put pressure on brands than ever before, it is fundamental for brands to identify their role and authentically live it out. According to a McCann survey, 48% said brands need a strong identity and clear role (Pollack, 2017). Brands need to communicate a clear purpose, provide a brand promise and create a culture that supports the delivery of the purpose and brand promise throughout every touchpoint. Doing so will require successful application of three important attributes: Purpose, Small Is Big, and Community.

Brand Actualization: Purpose

Brand purpose has become increasingly important to standing out in today's cluttered brand landscape. Increased globalization, consumer awareness of social issues, and the need for greater advocacy, is pushing brands to serve a higher purpose beyond a product. In a survey conducted by McCann, 84% of respondents said they believe brands have the power to make the world a better place (Pollack, 2017). Brands that can push themselves to serve a higher purpose, improve the lives of their consumers, and ensure authenticity and consistency with their promise are the ones that will remain relevant.

Although purpose is powerful, it is often underutilized in today's business landscape. Ninety percent of executives said that their company understands its purpose but only 46% said that it impacts their strategic and operational decision-making (Harvard Business Review, 2015). Radley Yeldar, a creative agency from the UK, analyzed the external communication of the Financial Times 500 Companies, ranking them in their annual "Fit to Purpose" Index, which measures whether a company has a purpose and whether its actions are aligned. As a result, only five companies from the beauty industry ranked in the top 100: Unilever, Johnson & Johnson, L'Oreal, Procter & Gamble, and LVMH (Radley Yeldar, 2016). Unilever, the top ranker in the index, has reported that its purpose driven brands now contributed to half of the business's overall growth and were growing twice as fast as its other brands (Spary, 2015). This calls for a transformational approach across the whole value chain if the beauty industry is to continue to grow.

In our FIT 2017 Millennial Consumer Expectation and Brand Perception Survey, 47% of respondents agreed that when making a purchase decision on a product from brands with similar price and quality, they would prefer the brand with a social stance that they relate to. Additionally, 80% of executives believe purpose can help increase customer loyalty (Harvard Business Review, 2015). Finally, Havas Media also found that brands that help to improve people's lives in a fulfilling way have enjoyed better financial returns than top hedge funds (Hay & Gowdridge, n.d.).

The impact of purpose on return on investment (ROI) is evident. CVS's decision to discontinue tobacco sales in 2014 in alignment with the company's purpose "to help people on their path to better health" had a widespread effect. This decision contributed to a significant increase in brand awareness and successfully differentiated CVS from its competition. Gallup research found that 81% of respondents reported that they were aware of the company's proposed action. Fifty-eight percent of the respondents agreed that the decision helped them better understand CVS' purpose, and 53% said that the announcement helped them better understand what makes CVS different from its competitors (Dvorak & Yu, 2014). While the decision initially represented a $2 billion annual sales loss, CVS's overall sales exhibited a 13% compound annual growth rate in the following years (Morningstar, 2017).

Outdoor clothing company Patagonia often uses the holiday season as an opportunity to address consumerism and raise awareness on how it impacts the environment. The brand launched an anti-consumerism campaign on Black Friday 2011, with a full-page advertisement that read "Don't Buy This Jacket," breaking down the environmental costs of the brand's top selling fleece, and urging consumers to think twice before buying. The brand launched its Responsible Economy Campaign in September 2013, which calls on consumers and businesses alike to rethink disposability for more effective resource allocation. These were risky choices to make in favor of purpose. Not only have these campaigns helped to build Patagonia's brand awareness, the brand enjoyed sales growth of almost 40% over the next two years (Hatch, 2015).

Brand Actualization: Small Is Big

In today's competitive landscape, it can be challenging for a brand to stay true to its core purpose when profit and shareholder value dominate the corporate agenda. Many struggling brands are compromising their core purpose in hopes of reaching a wider audience to meet profitability benchmarks. However, as technology advances, consumers are becoming increasingly savvy. They can detect the authenticity of a brand, whether the brand understands and cares about them, or whether the brand is simply trying to appeal to everyone. In the FIT Millennial Survey, 48% felt that brands value its profits over consumer needs. When a brand is diluted, developing consumer engagement can be a challenge and a risk. Brands that can narrow and focus their efforts on their purpose, in other words – think small, and act big – are the ones that will win the hearts, minds, and wallets of today's consumer.

It is evident that smaller brands targeting specific consumers are growing faster than the larger ones. According to an analysis done by PriceWaterhouseCoopers (PWC) on the consumer packaged goods industry, small players with annual sales of less than $1 billion are outperforming the competition in 18 of the top 25 categories. In fact, small players grew revenue about three times as fast as the overall category in the last three years (Madeiros et. Al., n.d.). This has also proven to be successful in the beer industry, as revenue of once unassailable beers such as Budweiser and Miller have declined by more than 25% from 2010 through 2015, while sales of craft beers such as Modelo Especial have doubled (Mintel, 2016).

The same trend is happening within the beauty industry. Indie brands are growing at a faster rate than the rest of the industry (NPD, 2015). Five brands that started as small and independent are now in Women's Wear Daily's 2016 "WWD Power 25," an annual ranking of beauty's strongest brands (Fine, 2016). In 2014, four brands that started as independents were in the NPD Top 20 cosmetic companies rankings for sales in the US: Urban Decay, Bare Escentuals, Benefit, and Anastasia Cosmetics (Appendix 2). Two years later, not only had they climbed in the ranking, more independent brands have made their way into the top 20 list, such as Too Faced, Tarte, It Cosmetics, Stila, and Becca (Appendix 3). Indie brands resonate with consumers because they focus on targeting specific needs, desires or demographics. Anastasia Beverly Hills, for example is the fastest growing beauty brand generating more than $10 million annually. This brand initially focused on the eyebrow category and expanded with a robust digital strategy leveraging user-generated content (Silva, 2016).

This small is big concept is also happening with influencers. As more brands view engaging influencers as a necessity, controversy has risen about their effectiveness, authenticity, and return on investment. Mega influencers are certainly commanding the most consumer reach with the highest number of followers; however, micro-influencers have significantly higher engagement rates than mega influencers. According to HelloSociety, a social media marketing and technology firm, 60% higher campaign engagement rates are driven by micro-influencers; these campaigns are 6.7 times more efficient per engagement than influencers with larger followings (Main, 2017). It is evident that as an influencer's follower count rises, the rate of engagement decreases. Makerly recently published a study that showed influencers with less than 1,000 followers are five times more likely to receive likes and 13 times more likely to receive comments on their posts (Appendix 4). Micro-influencers are usually experts on a topic and have loyal followings of people who share the same passion. When a post is targeted to a specific crowd that shares the same interest, the influencer's recommendation is more likely to be seen as authentic and authoritative.

Brand Actualization: Community

The 2017 Edelman Trust Barometer revealed that trust is now in crisis. The general population's trust in the traditional institutions – business, governments, NGOs, and media – has declined broadly. Today, the most trusted source by the majority of people is "people like me" (Edelman, 2017). As a result, we are now witnessing more consumers turning to brand communities to fulfill a sense of belonging. The need to be part of a community is a fundamental driver of humankind, as David W. McMillan and David M. Chavis noted in their psychology journal, "Sense of community is a feeling that members have of belonging, a feeling that members matter to one another and to the group, and a shared faith that members' needs will be met through their commitment to be together." While this article was published in 1976, the same dynamics still hold true today. People participate in communities to cultivate interests, find emotional support and explore ways to contribute to the greater good. Research suggests that branded communities can drive 12 times more traffic and almost eight times more shoppers than all other social channels combined (Thum, 2015). Brands that can build a community to serve the consumers are the ones that will prevail.

Glossier is a digitally native and community driven beauty startup created in 2014. Aside from the unified brand identity, Glossier's strong digital community and the consumer feedback loop are the greatest forces behind the brand's success. Founder Emily Weiss started a blog, Into the Gloss in 2010, which became an online community for beauty enthusiasts that reached 1.5 million unique views per month in 2016 (Brunner, 2016). Leveraging the collected knowledge of her community, Weiss launched Glossier with an Instagram campaign in 2014 and grew 600% between 2015 and 2016. Today, the brand has raised more than $30 million in funding and is backed by investors who also have stakes in social media successes like Instagram, Warby Parker, and Dollar Shave Club (Fast Company, 2017).

Reebok, once the leader in the athletic footwear market ahead of Nike, had fallen out of relevance in the 1990s. Reebok's partnership with CrossFit in 2010 has given it an authentic position in the fast-growing fitness movement. The partnership was the first in a series of strategic alignments that helped Reebok recommit itself to fitness. Meaningful fitness that let people discover their potential and community orientation were two tenets that Reebok identified as central to both modern fitness and to CrossFit. Since the partnership, Reebok has experienced 11 consecutive quarters of growth for the brand overall and the third consecutive year of double-digit growth for its training category (Markelz, n.d).

2. Personalization at Scale

"When it comes to collecting customer data, it's the idea that if you subtly help people do what they already want to do, you will win their trust."

Michael J. Becker, mCordis

The second element of the Brand Humanization Theory is Personalization at Scale. The Internet has made mass data collection possible through tracking customer clicks on advertisements, visits to websites, purchase history, demographic information, and email subscriptions; however, this is only the beginning of collecting customized customer information. As technology advances, consumer expectations rise. Traditional online tracking tools that companies use to segment their customers are no longer sufficient. Seventy-two percent of consumers expect companies to understand their needs and 51% expect brands to anticipate their needs and make personalized recommendations by 2020 (McGinnis, 2016). One of the fundamental purposes of any personalization effort is to let your consumers know that you're paying attention to them and care about their needs. According to Deloitte Consumer Review, "Businesses that do not incorporate an element of personalization into their offering risk losing revenue and customer loyalty" (Deloitte, 2015). While most brands understand the need and value of personalization, there is a gap to fully embrace it. In order to achieve personalization at scale, it will require a combination of the following three attributes: Markets of One, Added Value and The Internet of Me.

Personalization at Scale: Markets of One

Traditionally, brands practiced mass marketing to reach the largest possible audience while ignoring demographic differences. It has become apparent that mass marketing has failed to maintain the effectiveness it had in the past, so brands have evolved to utilize more targeted segmentation. However, consumers' needs have changed so drastically that segmentation will not be enough to sustain future success. Consumers expect brands to meet their needs exactly when and where their needs arise. Power and control has been taken from brands and driven into the hands of the consumer. Thus, personalization, or one-to-one-marketing, has become key to standing out in today's cluttered retail environment. It is no longer an added benefit, but rather, a customer expectation. A recent study by "CMO by Adobe" found that 74% of online consumers get frustrated with websites when content, such as offers, advertisements, and promotions, are irrelevant to their interests (Abramovich, 2015). Inversely, brands that personalized the consumer web experience saw a 19% uplift in sales (Abramovich, 2015). Hence, brands that can recognize and act upon this new truth of "Markets of One" are the ones that will prevail.

In today's diverse world, there is no such thing as "the average consumer." A recent study from Goldman Sachs, "The Rise of China's New Consumer Class," has identified this in the most populated country in the world. It has pointed out that while China has the second largest population of billionaires globally and a working class of 770 million strong, 81% of the working population makes less than $6,000 US dollars per year (Goldman Sachs, n.d.). Mass marketing using aggregated data distilled into averages will no longer deliver results. A poll of 754 marketing professionals, conducted by Marketing Week in partnership with One Poll's consumer survey, revealed that 42% of marketers believe the brands they work for are failing to reflect a contemporary, racially diverse society in their marketing and advertising (Hobbes, 2017). A survey by Infosys found that 74% of retailers that curate personalized offers for their shoppers saw an increase in sales; 61% tracked an increase in profit and over half saw a rise in customer loyalty (Infosys, n.d.). Kelly Mooney, CEO of Resource/Ammirati and author of The Open Brand, has precisely described this change: "We've gone from mass markets to market segments to market niches to micro niches to markets of one" (Mooney, 2008). Brands must take a more individual approach to marketing or risk having a connection gap with consumers.

According to the 2017 Temkin Experience Ratings Report that ranks consumer experience, Spotify and Netflix tied for the top spot in the streaming media industry. They both earned a score of 74% in delivering the best consumer experience (Temkin Group, 2017). Spotify is a music, podcast, and video streaming service that leverages user data to develop a personalized experience to serve their consumers' individual needs. Based on user playlist history, Spotify learns about music preferences to make recommendations for users' future playlists. Each user has a music taste profile that contains preferences as granular as detailed micro-genres (Appendix 5). Spotify describes the experience as similar to "having your best friend make you a personalized mixtape every week" (Spotify, 2015). The technology also allows independent musicians to reach small groups of people that share similar interests, connecting the dots between artists and users. Netflix is another example of how a consumer-centric company has completely changed the way individuals consume entertainment, disrupting the television and film industry. Leveraging user data, combined with algorithms, allows Netflix to provide customized recommendations to each individual. In 2013, Netflix estimated that 75% of the viewer activity was driven by recommendations. The technology is based on the analysis of viewing behavior rather than ratings, since ratings can be aspirational or false (Vanderbilt, 2013). Instead of continuing to provide recommended lists, the company's vision for the future is to predict exactly what the consumer wants to watch.

Personalization at Scale: Add Value

In the hectic lives of today's consumers, time is a precious resource. As consumers struggle to find enough time to accomplish everything, they are now demanding new levels of convenience. Consumers expect smarter and easier ways of managing their lives to maximize their time. According to a survey conducted by Consumer Lifestyle Trends, 69% of respondents said they are constantly looking for a means to simplify their lives (Consumer Lifestyle Trends, n.d.). Brands are not maximizing the use of data to its fullest potential. Many brands are using data to practice personalization in its most basic forms, such as personalizing emails with consumers' names or providing product recommendations based on past purchases. Future brands will need to leverage data and use predictive algorithms to provide experiences that add value and convenience to the consumers' lives in order to succeed.

Consumers will expect brands to make suggestions and choices on their behalf even before they realize their own needs. Today, algorithms and Artificial Intelligence ("AI") can already predict purchases with over 99% accuracy (Suchacka, G. & Stemplewski, 2016). In the near future, the expectation will shift from on-demand ordering to predictive purchasing. It was recently revealed that Amazon has obtained a patent for "anticipatory shipping," a system of delivering products to consumers before an order is placed, without relying on the action of ordering. While data and algorithms can predict consumers' purchases, brands can also overstep their boundaries. Target was able to predict a teenage girl's pregnancy based on an arcane formula involving elevated rates of buying unscented lotion, mineral supplements, and cotton balls (Duhigg, 2012). The retailer subsequently personalized the promotions they sent to the girl based on her pregnancy, much to the outrage of her father, who was unaware of his daughter's condition. The outcome in this case was not ideal. However, the concept of using data and algorithms to predict purchases, if executed correctly and tactfully, can be a huge brand asset.

In recognizing the importance of using data as a predictor of consumers' needs and adding value to their lives, it is crucial for brands to invest in the technology and infrastructure to support, aggregate, and leverage multitudes of information from a variety of sources. This has been a challenge for many brands. Only one third of brands report having enough usable consumer data and the capabilities to transform it into personalized touch points (Abramovich, 2015). According to L2's research, 67% of brands reported that they didn't have the human capital or resources needed to personalize, and 47% said they didn't have the ability to dynamically create personalized content (L2, 2015). Brands in the future need to find a way to leverage data to create a personalized experience that adds value and convenience to consumers' lives.

Personalization at Scale: The Internet of Me

Technologists have theorized about the concept of the "Internet of Things" – the idea that any device that has power should be connected to the Internet and provide data in real time to improve people's lives (Morgan, 2014). Consumers, on the other hand, are expecting "The Internet of Me," as coined in a recent article by Wired Magazine, where all the content they experience is completely relevant to them (Hodkin, n.d.). A world in which 57,000 devices are added to the Internet every second is only valuable to brand marketers if those devices are learning about consumers and working together to create experiences that consumers find relevant and useful (Chandra, 2015). Today, while devices and data are increasingly connected to backend systems through various networks, they have often operated in isolation from one another. Brands need to build the experience around the consumers, rather than around a particular mobile vs. PC device or online vs. offline channel. Consumers expect brands to know who they are, regardless of the method they use to interact with the brand. One survey determined that 40% of consumers bought more from retailers who personalized the shopping experience across multiple channels (Keany, 2013). "The Internet of Me" is dictating how brands approach marketing strategies, user experience, and technology selection. It is imperative for businesses to deliver a personalized experience that addresses the needs of individuals based on a myriad of data points, both explicit and implicit.

At the 2015 Consumer Electronics Show, Whirlpool unveiled its "kitchen of the future," full of appliances that help owners stay trim through the use of currently available technology. The concept of future appliances requires them to function by being smart and connected, providing consumers with helpful hints and unseen assistance throughout the day. For example, Whirlpool utilizes a technology called smart vessel, which is a container that holds food and keeps track of freshness, quantity, and weight. By collecting this data, the kitchen can provide customized recipes based on ingredients the consumers already have, add missing items to a virtual shopping list, and alert consumers ahead of time when ingredients are going to expire (Murphy, 2015). Home appliances could someday anticipate consumers' every move based on data.

Athletic brand Under Armour is another example of the new "Internet of Me" approach. The brand has been innovating to strengthen this capability and gain a competitive edge over the traditional apparel industry. Technology is a major investment that Under Armour is expanding beyond its roots in apparel. Under Armour introduced its first smart shoe, which can link into a broader fitness tracking system. They also introduced "Cool Switch" technology, which features a sweat-activated cooling function that helps users cool down as soon as they start sweating during a workout. The brand is committed to helping consumers monitor their health and fitness data to keep track of their lifestyles choices. With its holistic approach to sporting and fitness, Under Armour has reported a revenue increase of 22% to $4.8 billion in 2016 (Under Armour, 2017). According to Neil Saunders, CEO of consulting firm Conlumino, Under Armour is ahead of Nike in terms of how the brand has integrated technology into its proposition (Schlossberg, 2015). With all of the data available to brands, it is no surprise that consumers have evolved to expect fully-integrated experiences that leverage their information to improve their lives. Successful brands of the future will need to treat each consumer as an individual, add meaningful value, and center their efforts to focus on the "Internet of Me".

3. Inside Out Organization

The third element of the Brand Humanization Theory is Inside Out Organization. Proliferated accessibility of information has resulted in heightened consumer expectations regarding a brand's values and operations. Consumers now hold more power than ever, due to the speed of technological advancements and the changing social and business landscapes. Social media is a platform of digital activism in which everything is open to critique as consumers now have a direct line of access to brands. This pressure has caused brands to communicate transparently about the company workings. Transparency can feel quite unnatural to established brands, but newer brands have built their success on this platform of Inside Out Organization. Successful Inside Out Organization consists of three attributes: Employee Relationship Management (ERM), Fluid Workforce, and Internal Influencers.

Definitions for this section:

Term	Definition
Maturist	Demographers and researchers typically use the early 1920s as starting birth years and the mid-1940s as ending birth years.
Boomers	Demographers and researchers typically use the early-to-mid 1940s as starting birth years and the mid-1960s as ending birth years.
Generation X	Demographers and researchers typically use the early-to-mid 1960s as starting birth years and the early 1980s as ending birth years.
Millennials	Demographers and researchers typically use the early 1980s as starting birth years and the early 2000s as ending birth years.
Generation Z	Demographers and researchers typically use the early 2000s as starting birth years.

Inside Out Organization: Employee Relationship Management (ERM)

Taking steps toward transparency begins with the company's leadership, internal culture, and relationship with the employees. In the FIT Millennial Survey, 37% answered that transparency is one of the most important elements that influences trust in a brand. Transparency should be considered from both internal and external approaches. Internal transparency empowers employees, especially the younger portion of the workforce, which now outnumbers the baby boomers. External transparency fosters consumer advocacy; 84% of consumers consider a company's social commitments, including their treatment of their employees, before deciding what to buy or where to shop (Seeds Consulting, 2017).

Customer Relationship Management (CRM) alone is not enough to fully support inside out transparency. Brands also must focus on Employee Relationship Management, or ERM, as they build external transparency. Companies with effective CRM processes can often apply the same principles to ERM to enhance the employee experience, thus generating loyalty and reducing turnover. Companies need to prioritize identifying and enhancing talent within the organization. ERM is the management of the relationship with the employee and involves implementing technologies for human resources teams to cover areas such as recruiting, training, pay, career management, time management, and internal communication. Successful brands must achieve transparency both in how they treat their consumer and their employees. An example of a company that takes great care of its employees is Google, which ranks first in Fortune's 2017 Best Companies to Work For. Google's employees enjoy free extras like gourmet food, haircuts, and laundry services. The company also monitors morale and takes action based on feedback, having improved its parental-leave policies as a result. Google fosters a culture that is considered "safe and inclusive" by its employees (Fortune, 2017). Tesla is another company that shows how it values its employees through the incorporation of employee engagement in its core business strategy. According to Louis Efron and Juliana Bednarski of Tesla, active engagement of each individual is one of the key drivers of the company's success. Tesla has found that engaged teams enjoy 15% more profitability, 30% more productivity, 12% higher customer engagement, 30% less turnover, 62% less safety issues, and 37% less absenteeism (Alexander, 2015). Employees receive a full suite of cost-free benefits, such as healthcare, dental plans, and life insurance, to help them achieve work-life integration rather than simply work-life balance. Tesla encourages its employees to view the company as a lifestyle that can make their lives better (Lejeune, 2012).

Inside Out Organization: Fluid Workplace

The American workforce is experiencing shifts unlike ever before. There are currently as many as five generations working side by side: Traditionalists (a.k.a. Maturists), Baby Boomers, Generation X, Generation Y (a.k.a. Millennials), and Generation Z (Appendix 6). Due to the variety of changes in political climate, social evolutions, world events, and rapid pace of evolving technologies, the life experiences and working styles of these five generations are vastly different. Many members of older generations are intentionally delaying retirement and choosing to stay in the workforce longer. Pew Research Center reported that nearly 27% of Americans aged 65 to 74 were still working in 2012, a statistic that is projected to increase to almost 32% in 2022 (Drake, 2014). This group consists mostly of Baby Boomers, but includes some Traditionalists as well. Both generations are defined by their hard work ethic and employer loyalty. Baby Boomers are known as the generation of the Personal Computer. Though they may be slower adopters of the newest technology, they still value innovation.

Younger generations are more likely to work at several companies throughout the course of their career and a staggering 72% of Millennials want to be their own boss (Bureau of Labor Statistics, 2016). Millennials represented 34% of workers in 2015 and that number is forecasted to grow as immigration to the United States increases. Millennials are confident and diverse. They grew up with constant access to information via connected devices, which influenced their current demand of immediacy. This generation depends on social media for identification and communication. The next generation, Gen Z, is now newly entering the workforce. While there is much to be learned about Gen Z, they have already shown to be more optimistic than their predecessors and have higher expectations for their lives (Fry, 2015).

Vastly different working styles can lead to discomfort as managers begin to oversee employees who are more senior in age, but more junior in title. While it is common for more experienced workers to mentor younger employees, there is now an inversion of expertise, as stated by Stanley McChrystal in his 2011 TED Talk entitled “Listen, Learn … Then Lead.” He asked, “So how does a leader stay credible and legitimate when they haven’t done what the people you’re leading are doing? It’s a brand new leadership challenge. It forced me to become a lot more transparent, a lot more willing to listen, a lot more willing to be reverse-mentored from below” (McChrystal, 2011). Leaders who embrace this type of attitude realize that they are not the experts.

Leaders must understand the high performers of their workforce not only from a demographic and generational standpoint, but also by psychographics. Fast Company introduced a group of people with a “mindset that embraces instability, that tolerates – and even enjoys – recalibrating careers, business models, and assumptions” and labeled them “GenFlux” (Safian, 2012). The best leaders in today’s business landscape recognize the talent of their employees and are open to ideas from all levels of the workforce.

“If you don’t go to every level of your company, you distance yourself from the marketplace and from your people.”

Aaron Levie, CEO of 600-person Box

GenFlux leaders must also empower their employees. Empowered and trusted employees are able to make business decisions as they arise, without depending on approval processes. Experienced generations are steeped in vertical hierarchies as businesses have largely operated in this type of structure for years. However, Millennials have a "limited capacity for tolerating the slow churning approach to resolving problems that impact customers and efficiencies which ultimately drive them out the door" (Zogby, 2013). The working structure of large organizations is often too archaic and ineffective to appeal to the cohort. Younger workers are horizontal and prefer crowd-sourced problem solving. GenFlux leaders are required to cut through the hierarchy and empower other GenFlux employees to act swiftly and decisively on behalf of the organization.

Beth Comstock, CMO of GE, is an exemplary GenFlux leader who embraces change, challenge, and the unknown – and forces her workforce to behave similarly. Within GE, she says, "our traditional teams are too slow. We're not innovating fast enough. We need to systematize change." Comstock recruits outside talent to inject new thinking and refresh stale processes within the GE marketing organization. She has created an internal growth strategy that includes working with entrepreneurs and creating teams dedicated to addressing upcoming digital challenges – both known and unknown. Comstock recognizes these changes can cause tension in the workplace and frustrate some employees, but to GenFlux, it's energizing. While at GE, she has become one of the confidants of the CEO and created the Ecomagination and Healthymagination initiatives at the company. According to Fast Company, the Ecomagination group has to date accounted for $85 billion in revenue (Safian, 2012). Comstock "always gravitated to the new," thus she is very comfortable in a rapidly changing environment.

Inside Out Organization: Cultivating Internal Influencers

As Amy Odell, editor in chief of Cosmopolitan.com noted, "Companies get into trouble today because their leadership fundamentally does not understand social media" (Odell, personal communication, 2017). Millennials are the largest users of social media, with 89% using some form of social media, compared to closer to 50% of Baby Boomers (Appendix 7). Brands have the opportunity to leverage both the power of influencer marketing and the empowerment of their employees by cultivating internal influencers. As consumers continue to demand transparency and seek trust and connection from the brands they engage with, revealing the people that work behind the scenes will become key to humanizing a brand.

According to the FIT Millennial Survey, 48% of consumers are more likely to buy from a brand if they have a better understanding of the people working behind it. Companies spend millions of marketing dollars on millennial influencers with questionable brand affinities, while they have digitally savvy brand ambassadors sitting within their corporations. They pay Millennial influencers, on average $200,000 per post, and according to Bloomberg, brands spend $255 million in Influencer marketing dollars per month on Instagram alone (Frier, 2016). However, the average salary of a college graduate with a bachelor's degree is $50,000 per year. Brands must identify, empower, and cultivate high performing, brand loyal talent within the organization, and should not be afraid to let them represent the brand within their personal spheres of influence, as well as their branded social media channels. Not only will this create a stronger bond between the employee and the brand, but cultivating internal influencers has the potential to create transparency and a human connection between a brand and its consumer, ultimately leading to greater brand awareness and external advocacy for the brand.

MSNBC empowers and cultivates young talent by allowing its News Associates to pitch and cover stories on their social media channels. The News Associate program is “a one-year long staff position designed to give participants real-world news experience,” where “aspiring journalists with diverse backgrounds [can] hone research skills, work on developing news stories in a working news bureau, and participate in field and studio production on a variety of news programs” (“News Associates Program”, 2017). The opportunity to pitch stories and ideas is not just limited to Millennials, but is available to all employees of the organization. Interns to executives are able to pitch their stories by emailing the social media team. Once their idea is approved, they are given creative control and are able to cover their story over the brand's Snapchat or Facebook Live social media platforms. This strategy immediately engages and empowers both new and existing MSNBC employees, feeding the entrepreneurial spirit of Millennials while valuing the contributions of more seasoned employees. Simultaneously, the brand remains relevant and stays abreast of issues that matter most to both mass and niche audiences.

According to Edelman's 2017 Trust Barometer, when survey respondents were asked who they trusted most to provide them with credible and honest information about a company across a number of different topics – the treatment of employees, financial earnings and performance, business practices, innovation efforts, views on industry issues, and partnerships and programs to address societal issues – they consistently selected employees as the most credible source of information (Appendix 8). Across all topics surveyed, employees were preferred over a company's CEO, a senior executive, an activist consumer, an academic, or a media spokesperson. As previously mentioned, 48% of consumers are more likely to buy from a brand when they understand the people working behind it. Also, in the same FIT Millennial Survey, 41% answered that something specific that they rate as superior in a customer service representative is if he/she is educated in the product and the brand. Empowering employees to tell the story to consumers is key to sharing the purpose of the brand. This suggests that as trust continues to decrease in organizations, and conversely increase in "people like me," employees will become an integral part of representing the brands they work for and how consumers view brands overall. Brands should leverage the value and contribution of their people – their brand ambassadors now – to create authentic and transparent content that can strengthen a brand's image and foster advocacy over time.

Community Fluidity

The principle goal of the Brand Humanization Theory is to create a connection with the consumer through brand actualization, personalization, and organizational transparency. In one of our primary expert interviews, Vivian Ewalefo from Ogilvy stated, "The way we think about the term brand will become incredibly more fluid." The model distilled into its simplest form insists on a purpose, focuses on people, and through this creates advocacy. There is a symbiotic relationship that results between a brand and its community, enabling the brand to be agile and responsive, while keeping the brand's DNA at its heart, a concept we have coined "Community

Fluidity." There are three new truths that brands will encounter and must accept as they operate in the future and achieve Community Fluidity: a brand no longer owns itself, loyalty is not linear, and connection is more important than product.

A fluid brand needs to first understand that it no longer owns the brand. The brand of the future will be a shared experience, co-created with the consumer. The collective experiences and opinions of brand loyalists and advocates are ultimately more powerful than what a brand says about itself. The real marketers are the consumers, those who are living the brand every day. The future brand needs to treat them as co-owners, by exciting them, and remaining relevant in their lives. According to Harvard Business Review, it is vital to take action when the community provides input and participates. Rewarding them through action is better than rewarding with incentives: "In many cases, being recognized as an insider and influencer who can impact a brand – then see that impact in action – is motivating enough" (Trevail, 2016). One of the best in class examples is DHL's co-creation efforts, in which its community helped to ideate on a delivery drone. The result was increased consumer satisfaction by over 80%, decreased customer churn, and improved on-time delivery performance to over 97% (Crandell, 2016).

Secondly, a brand must understand that loyalty is not linear. The consumer-brand relationship is fluid and does not follow traditional notions of brand loyalty. Consumers today are their own brand, and brands must recognize that they will move in and out of brand communities as they see fit. The creative agency, Hey Human, performed a study that shows how brand relationships have become incredibly complex and now fit into 14 different intimacy categories, ranging from "acquaintances" to "best friends" (Hey Human, n.d.) (Appendix 9). A successful brand is self-aware, knowing that not all consumers are its best friends, and some may come and go throughout a brand's lifecycle. It does not chase acquaintances if they no longer align with the core community. It lets them move in and out of the community and adapts to the core advocates, even though those advocates may change face and name.

Thirdly, the future brand needs to accept that connection surpasses product. Emotional connection is arguably one of the most crucial of the community elements; it is noted in research as "the definitive element of true community." This same research emphasizes that "greater personal interaction increases the likelihood that people will become close" and a shared event increases a group bond (McMillan & Chavis, 1986). According to the 2017 Intimacy Report, top ranked brands, such as Disney, Nike, and Harley Davidson, provide more than just quality products (Naterelli, 2017). These brands have successfully won consumers' hearts by building strong emotional connections. Harvard Business Review research shows that consumers who are emotionally connected are 52% more valuable to brands (Leemon, Magids & Zorfas, 2015). These aspects reinforce the need for brands to organically focus on and foster their communities. At the end of the day, consumers have endless choices. What makes them choose a brand is how a brand makes them feel.

Red Bull is one of the best examples today that embodies and accepts the new truths of Community Fluidity. The company is estimated at $8.7 billion dollars according to Forbes, has over 46 million followers on Facebook alone, and sells 6 billion cans annually (Forbes, 2017). Even though the brand sells just one product, it is fully integrated into the lives of its community and collaboratively engages them with the brand ethos. Whether through creating the e-sports platform dubbed Red Bull 5G, sponsoring a space jump called Red Bull Stratos (Red Bull, 2016), or leading initiatives such as the Red Bull Music Academy, Red Bull develops a relationship with its community by going to where its consumers are, in venues that celebrate the brand's passion, boldness, and by its super drive. It has fully integrated into the lives of its community, collaboratively engaging community members in the brand ideology: "Red Bull Gives You Wings." The brand's community reaches far beyond an energy drink.

Supreme, another example of a Community Fluid brand, is arguably the most influential streetwear brand in the world. It started as a skater brand and now has become the leader of streetwear, selling everything from apparel to crowbars and lighters. The brand has built a brand ethos that is hard, edgy, and lifestyle-driven. It has over 5 million followers in the US alone and its fluid community spans from young skater teens and hip-hop fanatics, to celebrities like Neil Young and Kanye West (Chayka, 2016). Supreme has a comprehensive understanding of the intersecting skateboard, hip-hop, and #sneakertwitter subcultures in which it exists. Additionally, Supreme creates excitement among its community through collaborations and limited edition drops. The collaborations have varied from famous artist such as Jeff Koons to luxury designer brands like Louis Vuitton and Comme des Garçons. At the same time, Supreme is also unafraid to collaborate with competitors that share the same space like Jordan, Nike, Levi's, and many others. The brand serves its community through these collaborations, but also recognizes that with its more out of the box collaborations, old and new consumers will move in and out of the brand community as they see fit. Supreme has created a brand ethos that consumers want to engage with and be a part of. The brand recognized that connection is more important than product. By creating a multi-faceted community fed with culture, surprise, and constantly engaging content, Supreme has become a subculture, and a movement all it's own.

A brand community is not simply a collection of lemming-like followers. These are the brand ambassadors, the co-stars, and co-creators. A brand has to listen to its community closely. In a state of Community Fluidity, a brand feeds members' spirits with its ethos, and keeps a close ear to how consumers' lives change so that the brand can change with them. Brands should avoid the mistake of dragging its community through a loyalty model, or a linear franchise progression. Instead, it should stimulate consumers with the unexpected, and make them feel important by giving them a seat at the table in their community as a co-creator. When brands release control, and become fluid with their community, they stay relevant and can reach new heights.

Conclusion

Dynamic shifts in technology, demographics, and preferences have drastically changed consumer expectations and the brands from which they purchase and for which they advocate. These market dynamics include the risk of commoditization, hyper-connectivity leading to loneliness, diminishing confidence in institutions, and the emerging trust economy. Our research focused on understanding the current state of the brand landscape and determining the context in which brands would exist in a meaningful way in the future. After examining the current market through secondary sources, conducting expert interviews, and deploying the primary FIT Millennial Survey, the overarching recommendation from our research is that brands need to act more fluidly with their community in an ever-changing world. In order to achieve Community

Fluidity, brands must follow and implement the Brand Humanization Theory, composed of Brand Actualization, Personalization at Scale, and Inside Out Organization. All of these elements combined will assist brands of the future in creating a human connection that is ever evolving to become fluidly in-sync with their community.

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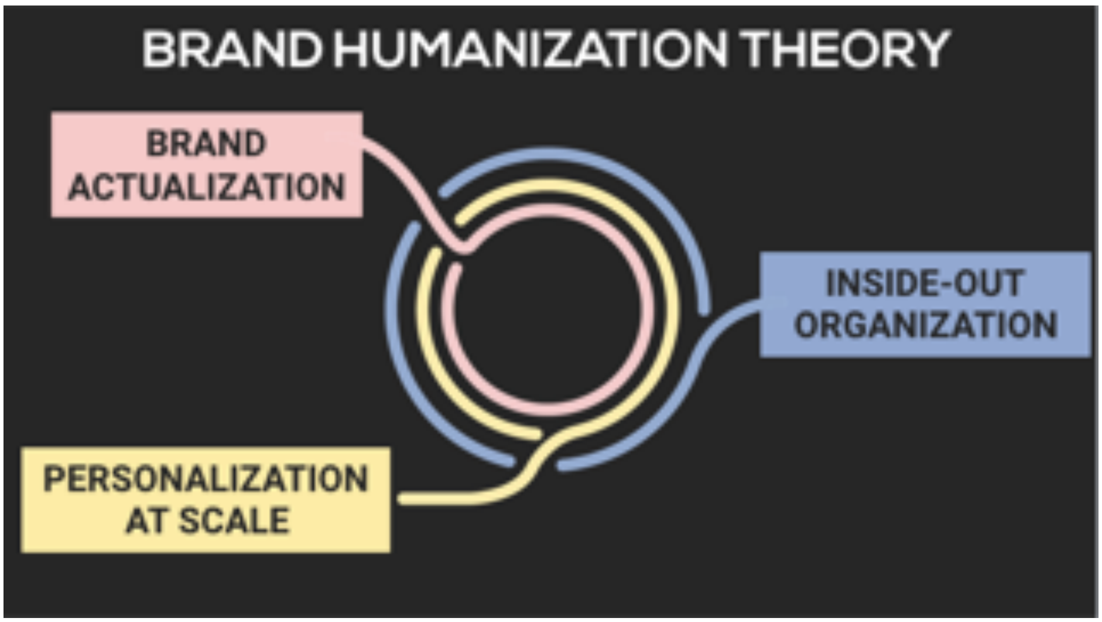
Appendix

Appendix 1: Brand Humanization Theory



Appendix 2: Top 20 US Cosmetics Brands ranking 2014. (NPD Beauty Trends, 2016)

Top 20 US cosmetics brands 2014

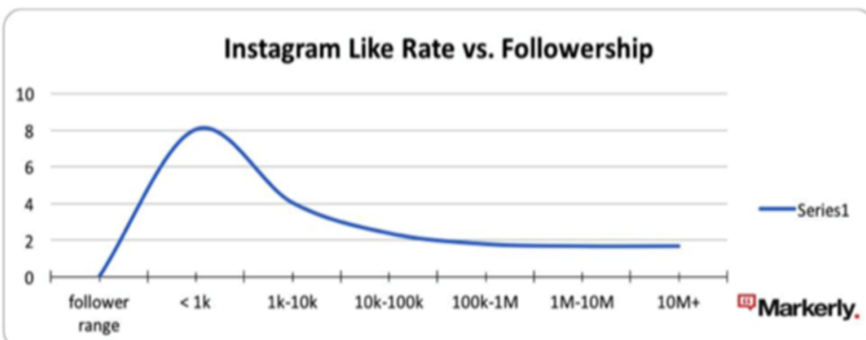
1 MAC	11 NARS
2 CLINIQUE	12 LAURA MERCIER
3 LANCOME	13 SMASHBOX
4 ESTEE LAUDER	14 YVES SAINT LAURENT
5 CHANEL	15 **ANASTASIA COSMETICS**
6 BOBBI BROWN	16 TRISH MCEVOY
7 **URBAN DECAY**	17 GIORGIO ARMANI
8 CHRISTIAN DIOR	18 FASHION FAIR
9 **BARE ESCENTUALS**	19 ELIZABETH ARDEN
10 **BENEFIT**	20 SHISEIDO

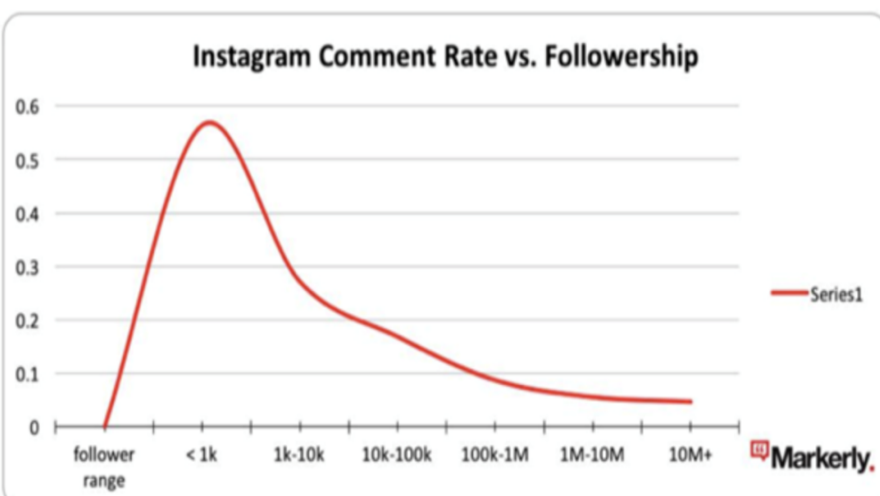
Appendix 3: Top 20 US Cosmetics Brands ranking 2016. (NPD Beauty Trends, 2016)

Top 20 US cosmetics brands 2016

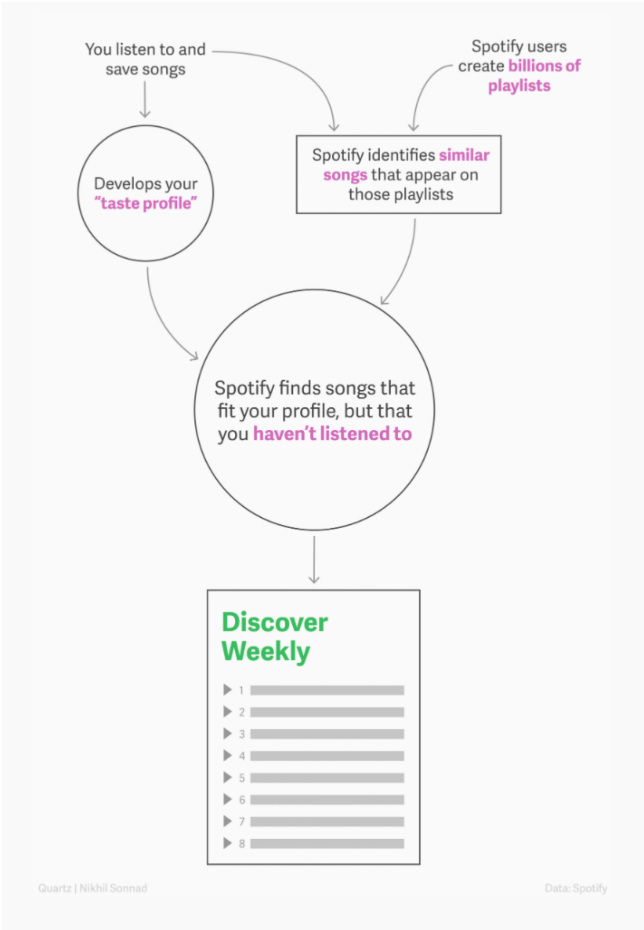
1 MAC	11 BOBBI BROWN
2 **URBAN DECAY**	12 **IT COSMETICS**
3 CLINIQUE	13 CHANEL
4 LANCOME	14 SMASHBOX
5 **BAREMINERALS**	15 NARS
6 **ANASTASIA COSMETICS**	16 CHRISTIAN DIOR
7 **BENEFIT**	17 LAURA MERCIER
8 **TOO FACED COSMETICS**	18 **STILA COSMETICS**
9 ESTEE LAUDER	19 **BECCA COSMETICS**
10 **TARTE**	20 YVES SAINT LAURENT

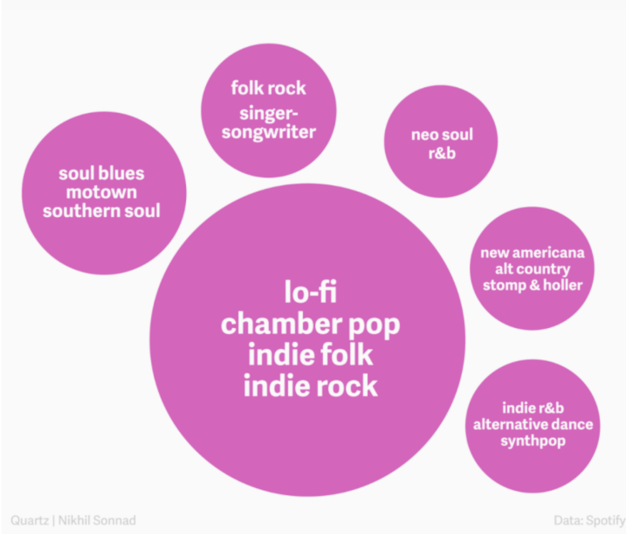
Appendix 4: Influencer Social Media Engagement vs. Micro Influencer (Markerly, n.d.)





Appendix 5 - Spotify Discover Weekly process (Pasick, 2015)





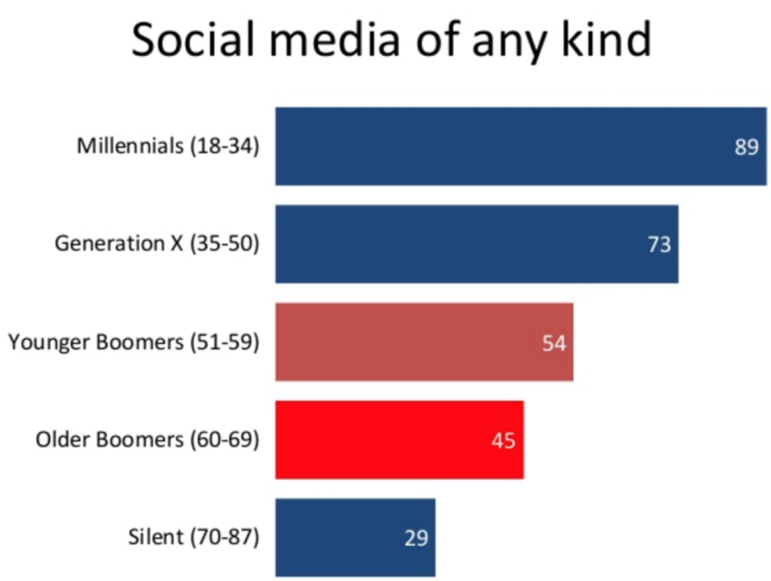
Appendix 6 - Overview of working generations

Chart 1: An overview of the working generations

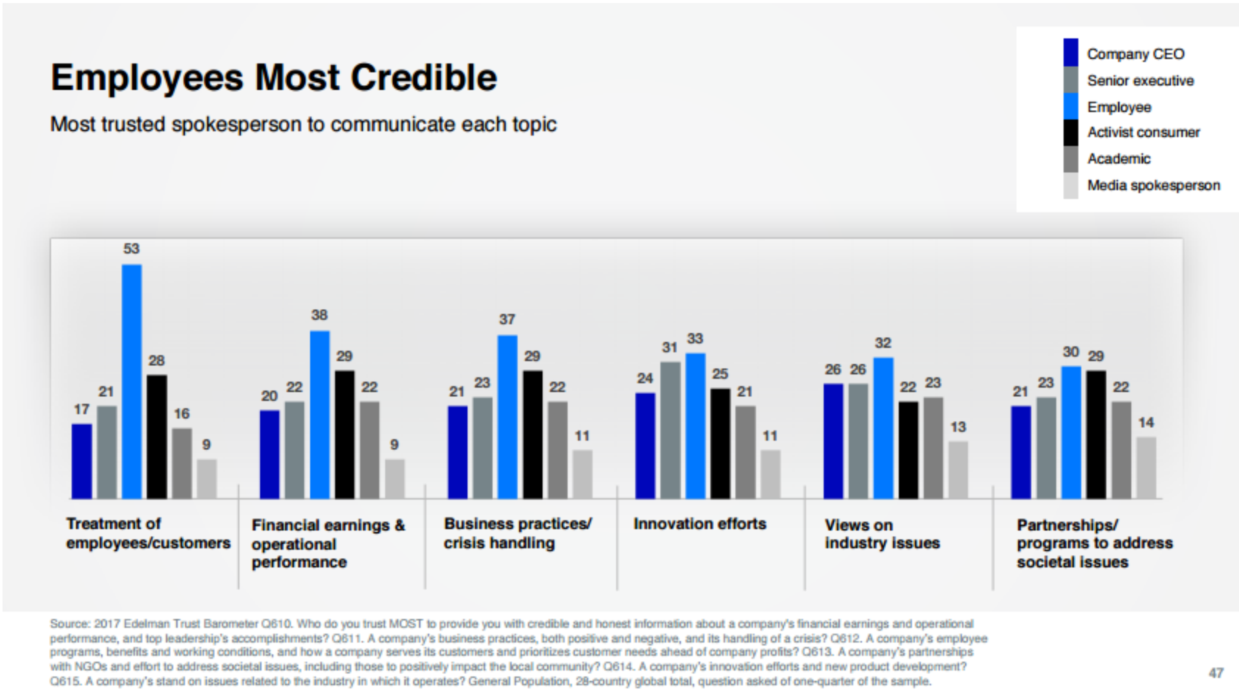
Characteristics	Maturists (pre-1945)	Baby Boomers (1945-1960)	Generation X (1961-1980)	Generation Y (1981-1995)	Generation Z (Born after 1995)
Formative experiences	Second World War Rationing Fixed-gender roles Rock 'n' Roll Nuclear families Defined gender roles — particularly for women	Cold War Post-War boom "Swinging Sixties" Apollo Moon landings Youth culture Woodstock Family-orientated Rise of the teenager	End of Cold War Fall of Berlin Wall Reagan / Gorbachev Thatcherism Live Aid Introduction of first PC Early mobile technology Latch-key kids; rising levels of divorce	9/11 terrorist attacks PlayStation Social media Invasion of Iraq Reality TV Google Earth Glastonbury	Economic downturn Global warming Global focus Mobile devices Energy crisis Arab Spring Produce own media Cloud computing Wiki-leaks
Percentage in U.K. workforce*	3%	33%	35%	29%	Currently employed in either part-time jobs or new apprenticeships
Aspiration	Home ownership	Job security	Work-life balance	Freedom and flexibility	Security and stability
Attitude toward technology	Largely disengaged	Early information technology (IT) adaptors	Digital Immigrants	Digital Natives	"Technoholics" – entirely dependent on IT; limited grasp of alternatives
Attitude toward career	Jobs are for life	Organisational — careers are defined by employers	Early "portfolio" careers — loyal to profession, not necessarily to employer	Digital entrepreneurs — work "with" organisations not "for"	Career multitaskers — will move seamlessly between organisations and "pop-up" businesses
Signature product	Automobile	Television	Personal Computer	Tablet/Smart Phone	Google glass, graphene, nano-computing, 3-D printing, driverless cars
Communication media	Formal letter	Telephone	E-mail and text message	Text or social media	Hand-held (or integrated into clothing) communication devices
Communication preference	Face-to-face	Face-to-face ideally, but telephone or e-mail if required	Text messaging or e-mail	Online and mobile (text messaging)	Facetime
Preference when making financial decisions	Face-to-face meetings	Face-to-face ideally, but increasingly will go online	Online — would prefer face-to-face if time permitting	Face-to-face	Solutions will be digitally crowd-sourced

*Percentages are approximate at the time of publication.

Appendix 7: Social Media Usage across generations (Rainie & Perrin, 2016)



Appendix 8: Edelman 2017 Trust Barometer: Employees Most Credible (Edelman, 2017)



Appendix 9: Hey Human types of relationships with brands (Google, 2015):

1. Committed partnerships
2. Enemies
3. Best friends
4. Dependencies
5. Secret affairs
6. Old pals
7. Flings
8. Friends with benefits
9. Enslavements
10. Teammates
11. Kinship
12. Casual acquaintances
13. Arranged marriages
14. Marriages of convenience.