

Same Game, New Rules

Unilever's former CMO discusses the future of brand marketing

INTERVIEW BY GORDON WYNER

Unilever is a supplier of fast-moving consumer goods with operations in more than 100 countries and sales in 180. The two parent companies, Unilever N.V. (NV) and PLC, together with their group companies, operate as the Unilever Group (Unilever). Unilever owns many of the world's consumer product brands in foods, beverages, cleaning agents and personal care products. Simon Clift has built global brands for Unilever over the last 30 years as business unit leader and global chief marketing officer. He joined the advisory board of EffectiveBrands global marketing consultancy in 2011.

What marketing issues present the biggest challenges, especially for global marketers?

The three really big ones that are global and affect everyone are:

1. The media revolution—not just new media, but how marketers use old media in this new world.
2. Social and environmental responsibility. Through technology, consumers can now make their real concerns about how businesses ought to behave much more known, so these issues have gone radically higher up on the agenda. (It's also partly because the United States has recently gotten religion in this area, where for years they lagged behind Northern Europe.)
3. How do we leverage our brand equities more effectively by managing them in a more global way?

And, of course, these issues are all related.

The role of business in society is also about the future of the Earth. It was quite normal at one time for American businessmen to say that all that matters is the bottom line, which always sounded a bit harsh. Indeed to many Europeans it also sounded irresponsible.

When Unilever bought Best Foods, the chairman of Unilever at the time expressed his view that, as well as our commitment to shareholders, we also have a responsibility to all our stakeholders. Some of our new colleagues at Best Foods were a bit shocked. They felt it's not a business' responsibility to worry about its role in society. It should just focus on the return to shareholders.

In fact, consumers expect companies to behave in responsible and proactive ways. The impact of a business on society and on the environment is a huge issue that marketers have to take into account. It's not at all obvious how to go about this—and then, as soon as you try to do something “responsible,” as often as not, you get punished for cynicism! But the problem is real. We know we would need three Earths (three times the amount of Earth's resources) if we were to consume at the rate that Europeans currently do. (It's a staggering five at the American rate of consumption!) So we are storing up an enormous problem for our grandchildren. Because of the availability of talk-back mechanisms in new media, consumers are making this agenda much more urgent for companies. And most companies have no idea how to deal with it.

Has the recession changed this?

I don't see that at all. Most consumers are not prepared to pay extra for a "responsible" brand, but that's always been the case—even in the good times. Consumers hold brands accountable for the issues surrounding environmental sustainability and social responsibility. And, despite being held responsible for all this, marketers are held in low esteem, more so in Europe than the United States.

In Britain, "brand" is almost a dirty word. Television programs like "The Apprentice" reinforce the perception that business is all cutthroat and ruthless. The consumer default position is that businesses would wantonly poison the planet and dupe consumers if they could get away with it. And yet consumers kind of expect businesses to do the right thing and to clean up the mess. And to top it all, they are not prepared to pay extra for us to do it! So I admit it's a rather thankless task for marketers to work on.

When I first worked in Brazil 16 years ago, most people were not remotely interested in the environment. Now it's a huge issue. In China, it has gone even faster because pollution there has become an urgent challenge. And of course, it's these

really big countries that matter. Unfortunately, in responsible little Denmark, for example, fervently recycling doesn't have much impact. It's the United States, China and India that make the difference.

In the same way, a "right-on" socially responsible frozen yogurt company in San Francisco may make people feel good, but it's pretty irrelevant. What matters is the behavior of the Nestlés and the Unilevers. About 12 percent of all the world's tea and 6 percent of tomatoes pass

through Unilever's hands. These are big, big numbers, so how Unilever approaches sustainability is relevant to everybody.

As far as the issue of "going global," I think the financial crisis forced American companies to ask if they could really afford to have a separate marketing department in every country. For me, it's more about synergies of excellence, rather than cost. As Shelly Lazarus, former CEO of Ogilvy, once said, "It's hard enough to have one great idea. You're most unlikely to have one in every country where a brand is marketed."

Of course, everyone in marketing has to be concerned about the perennial challenges of pricing, promotion and innovation. But what's interesting about the three big issues I mentioned earlier is that



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- 2008 UNILEVER
- Global CMO;
 - Group VP, Personal Care;
 - Marketing President, home & personal care division;
 - Chairman, Latin America home & personal care division;
 - Managing Director, personal care business in Brazil
- 1982 *(Also worked in U.K., Portugal, Austria and Mexico.)*

they are new, and marketers are blazing a trail because their boss's boss has never had to wrestle with these things.

What about global challenges?

Companies fundamentally misunderstand the challenges of going global. For example, if I think about jobs with responsibility for managing a brand across a region or the globe, they are massively more complicated than in earlier structures where responsibility was for just one country. Many senior managers fail to appreciate this, or they underestimate it.

When we at EffectiveBrands talk to a group of newly appointed global marketing managers, there is this moment of realization that other people have the same problems. They assume that the problems of managing a global brand are specific to their company, whereas there is usually a lot of commonality to the challenge.

Managing a global brand doesn't mean behaving the same way in every country. After all, if everyone was aiming for London but starting from different places, it would be idiotic for all to follow the same compass bearing. And it doesn't mean having the same campaign everywhere.

But if your brand is present across the globe, like Dove was, but managed with full local autonomy, you will end up with a massively splintered brand. Nobody knows this better than Unilever because it has lots of brands that were "born" in one place and then just disintegrated into different brands everywhere they were extended. What happens is that you don't leverage the best of the company. There's no point in having a great global marketing or innovation program if it has to be adapted for every local market.

Can you imagine the cost and complexity, not to mention the diminishing quality, if Microsoft had to have a different operating system in every country, just because the local manager had decided that consumers "are different here"? Well, they may be different, but you just can't afford to have a

program that is different for every country.

It's exactly the same with a toothpaste or a washing powder or a bar soap. If you'd adapted because consumers didn't like a particular fragrance, then when you get some miracle ingredient, you find it's not stable with the fragrance you've just introduced. You've immediately fragmented your research efforts and complicated your whole logistics chain.

A simple example: One of Unilever's hair care competitors had just two different fragrances in Asia. Unilever's Sunsilk brand had 186 of them. Sure as hell that complexity didn't derive from consumer need. Consumers can't distinguish 186 fragrances. It's because nobody had thought to manage the business in a more coherent, global way. And you can imagine the buying efficiency you get as a company from buying two fragrances rather than 186, each with tiny volume.

So with these three big, new challenges, marketers are facing issues their predecessors never had to confront: How do I get my brand messages to consumers in this exciting new world of media? How do I best manage a brand across different countries? Is the Earth going to survive? And what's my brand's role in that? It's clear to me that these are exciting times for marketers.

How has the communication revolution changed things?

When I started as a brand manager in 1982, the media plan was left to the end of the meeting because just about all anyone did was 30-second TV ads—and you might have played around with 5 percent of the budget. Now you actually have to think. When the market moved from press to TV in the 1950s everyone knew what was coming. You just needed to learn how to manage the new medium. Now there is no obvious right answer. Fragmentation of media requires extraordinary imagination and creativity. And it has given consumers a powerful new voice, which is wonderfully democratic.



PREP WORK: Simon Clift and David Wilkie, head of the Marketing50 in Shanghai, prepare for a talk at the Global Marketing Leadership Summit, September 2010.

In the old days, companies like Unilever and Procter & Gamble had a near-monopoly on media. If they decided to launch something that might not be superior, they could sometimes just sufficiently batter consumers with gross rating points to have a success. Now consumers have this wonderful tool for transparency and for the truth to come out through access to social media and publishing content. It's going to force even the biggest brands to have to get creative, too.

The Dove ad that went viral was developed by the Canadian business. It's called "Evolution" and shows a woman being made up and, through computer enhancement, becoming beautiful beyond her original self. And it was passed around by about 140 million people. I seem to remember that we spent less than \$100k on media. To buy that kind of media with that level of attention and that number of actively engaged active consumers should have cost millions and millions. It's exciting

because it shows how great creativity can completely throw the traditional rules of ROI out of the window.

But you didn't know it would go viral so successfully when you went in?

That's exactly the point! The whole risk profile is different. And when you mention the word "risk" to an accountant, he shudders and goes all cold. The best analogy I have heard is the person who said in the old days that marketing was like 10-pin bowling. You send the ball down the lane and see how many pins you knock down. You assess your success, then you take aim at the remaining ones.

Now it's like pinball. You release the ball and you may or may not have the chance to intervene in the subsequent chaos. Brand managers are going to have to become more flexible and fast. Rather than careful, measured 10-pin bowlers, they're go-

SPOTLIGHT SIMON CLIFT

ing to have to become pinball wizards!

When I was young, public relations was considered “poor man’s advertising.” Now it’s become a vital part of the marketer’s repertoire. Because managing messages and reacting fast to stuff that gets thrown at you is important. This can be rather frightening because we marketers are used to being in control, calling the shots and telling consumers what to think. Suddenly, they have a talk-back mechanism and they are asking questions we are not used to being asked. And it’s a huge cultural challenge for companies, the idea of becoming more transparent and more engaged. Dialogue rather than monologue is very scary to most big, global companies.

What role do cultural challenges play?

There are enormous cultural challenges to moving away from having it all your own way. Traditional marketing might say, “I’m marketing director for France and all the people I’m dealing with report to me.” Between the lines this means, “I’m used to reigning supreme within my own realm.” You find an astonishing number of people in marketing who are only comfortable with this setup. Call them dysfunctional dictator types if you like. And that’s completely the wrong profile to manage in a more complex world of matrix organizations with non-direct authorities.

People who are most effective inspire, rather than command others to fall in line. They are happy in multicultural environments and can get on with different sorts of people. It’s a massive challenge. The old way was much simpler, but it’s

just not an option for most companies these days.

At EffectiveBrands we talk about how you must separate the “what” (i.e., the substance of the brand communication) from the “how” (i.e., the way you work with people in complex organizations, how you engage and inspire them). It seems obvious, but the quality of the “how” can be as important as the “what” in maximizing the potential of a brand or project.

At Unilever, I could never understand why country X (actually it was usually the United States, the United Kingdom or France) wouldn’t adopt this fantastic advertising campaign that was obviously working in other places. We’d have long meetings about whether it was appropriate for consumers in that country, and, as good technocratic marketers, we’d always focus on the “what”: the quality of the mix. And more often as not, it was actually about how the team was interacting and whether they were inspired and engaged in the process, rather than being a real issue about consumers.

It can be as simple as whether the global brand director had taken the trouble to get on a plane and go visit the local guy. These issues of human connections are really important. And thank goodness because that’s the most interesting part of life.

Why is CMO tenure so short?

The title “CMO” describes very different types of jobs. In my previous job, or Jim Stengel’s (former CMO at Procter & Gamble), neither of us had direct responsibility for the marketing mix. We controlled media and consumer research. Most

“I really believe there’s no more exciting time to be a marketer because the rules are completely different than when I started. It requires intelligence and creativity—and that’s the oxygen that good marketers breathe.”



GAME PLAN: Simon Clift discusses what it takes for global brands to win in China to a group of Asia-based marketing executives at the Global Marketing Leadership Summit, September 2010.

important, this type of CMO oversees marketing expertise for the whole company.

Some CMOs, usually in companies with one or few brands, are actually the director of marketing. They manage the marketing mix. These roles are very different, but both have in common that they are “extreme jobs,” in that they have to spend a lot of time on the road. I know lots of people in these extreme jobs, not necessarily CMOs, but global brand directors, responsible for the brand in every country of the world. There’s no way you can do that without getting on a plane a lot. A typical Unilever category head could travel 75 percent of his or her time. And no amount of first class, door-to-door limousine service makes up for being away from your dog, your kids, your wife or your bed! And most people after two to three years just say, “No, thanks. I’d rather do something else now.”

There are other reasons that CMOs get changed. As I explained, the issues they are confronting are not the issues that most CEOs have previously had to confront. I think they underestimate the complexity, for sure. So when you don’t get an immediate

result that resurrects one brand in one country, that’s bad. But trying to resurrect 50 different brands in 50 countries is hugely complex. And you are not going to solve it in one day, or two years for that matter. So there’s impatience from CEOs who may have unrealistic expectations of a much quicker turnaround. There’s a mismatch, on the one hand, between quarterly results, with analysts and investors looking at every single line item and, on the other, issues of brand equity and social and environmental challenges—which are much longer term and require longer term solutions. It’s not surprising that, with this mismatch, you find people losing patience.

I chose to retire early from a well-paying job, one of the great marketing jobs in the world, because I didn’t want to be flying around the world most of the time. You get to the stage where there are other things that are valuable. You get burnout.

But I really believe there’s no more exciting time to be a marketer because the rules are completely different than when I started. It requires intelligence and creativity—and that’s the oxygen that good marketers breathe. **MM**