PET FALLON – FRED SENN

Outpacing the Commoditization of Your Brand

A Case Study of Citibank[1]

The conventional wisdom is that people choose a bank based on purely rational criteria such as location and charges for ATM use and other services, and these assumptions lead to a "rates and fees" approach to marketing. When banks do attempt branding work, they typically operate on a narrow emotional bandwidth – friendly, neighborly, or trustworthy – but few have exhibited a genuine personality. Citibank hatched an audacious plan: to transform Citi into a global power brand, preeminent not only in financial services but also among other great consumer brands like Disney, Nike, or Coca-Cola. Even though they didn't fully know what the term meant, they wanted to make Citi the world's first "unbanklike" bank.

At one time or another, most ad agencies have had a bank client – we've had at least four – and the natural tendency of a typical bank client is to be conservative. The conventional wisdom is that people choose a bank based on purely rational criteria such as location and charges for ATM use and other services, and these assumptions lead to a "rates and fees" approach to marketing. When banks do attempt branding work, they typically operate on a narrow emotional bandwidth – friendly, neighborly, or trustworthy – but few have exhibited a genuine personality, or the willingness to commit to a sustained branding effort.

When Citibank gave us the opportunity to compete for its business in 1999, it wanted to take a different approach to both banking and brand management. Thanks to a radical transformation in the industry, this new approach was almost a necessity because there were new forces from outside the banking category threatening the cozy status quo. In the 1990s, there had been massive consolidation. From 1990 to 1998, more than four thousand banks merged in the United States, reducing the number in operation by 30 percent.

Second, recent legislation had increased the number of services that banks could offer. Whereas banking was once a local concern, now megabanks could compete nationally and offer a broader range of products. Furthermore, the new regulations stopped protecting banks from the competitive forces of the marketplace. Players like General Electric, Microsoft, and the carmakers were offering credit card and consumer lending services.

Complicating matters, the category was reaching full commodity status. Banks had become the utilities of the financial world. With parity in product and distribution, not only did people not care about banks, but many people also didn't care which bank they used. Even Citi's credit card business lacked traction. Because its cards were often cobranded with another institution, only 25 percent of Citi's own cardholders realized that their card carried the Citi brand.

1 From „Juicing the Orange". (www.juicingtheorange.com)
Illustrations are from Citigroup's site: http://www.citigroup.com/citigroup/showcase/liverichly.htm

To thrive, Citi would have to find a credible and relevant reason for customers to choose Citi. In other words, they'd have to juice the orange and use creativity to forge a competitive advantage.

At Citi, Anne MacDonald, chief marketing officer, global consumer group, and Brad Jakeman, managing director of global marketing, faced these realities and hatched an audacious plan: to transform Citi into a global power brand, preeminent not only in financial services but also among other great consumer brands like Disney, Nike, or Coca-Cola. The new marketing team understood that brands like Nike have stability and momentum that increase their chance for long-term global growth.

Before addressing their brand's image, the executives at Citi first made key organizational changes aimed at becoming more customer-centric in everything they did. They beefed up the quality of customer service at all touch points and added more consumer-friendly products, such as identity theft protection for Citi-issued credit cards. But the most daring part of the plan was the way the executives wanted to position their brand. Even though they didn't fully know what the term meant, MacDonald and Jakeman wanted to make Citi the world's first "unbanklike" bank.

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LISTEN TO YOUR BARBER

Clients normally come to us thinking inside the confines of their own category. They want the world to see them as the best insurance company or the best car company or the most recognized fast food company. When Citibank looked at the brand image of financial services companies, it observed that its brand image was weak compared with its footprint in American business. Citibank wanted to stretch the boundaries. But banks didn't generate a lot of goodwill with the public. The executives understood that the way people viewed banks was too limiting for Citi's aspirations. This idea was at the heart of its desire to be unbanklike.

We found this idea liberating, and daunting. But we were grateful to be invited to pitch because we could sense that they meant what they said. Still, we were only one of many strong agencies competing for the account. The trade press even quoted Brad Jakeman as saying that he was smitten by Lee Clow, the legendary creative chief at Chiat\Day. We couldn't let that go. So we created a little gauge that could point left or right, with Lee Clow on one side and Pat Fallon on the other. We told the executives at Citi that we fully intended to move the "smitten" needle in our direction.

Before we started working on the concept of an unbanklike bank, we needed to understand Citibank's existing brand image. We also needed to understand Citi's customers better than any of our competitors did and in many ways even better than Citi itself. By interrogating their customer base, we hoped to find an essential truth that would link the two and help Citi deliver on its brand promise.

Citibank didn't have any baggage; for better or for worse it was an empty vessel. With the brand a blank slate, we focused on Citi's potential customers. A mass brand like Citi means a mass audience, specifically the mass of people ages twenty-five to fifty-nine with household incomes of $35,000 or more. In other words, just about everybody. We jumped on every piece of pertinent marketing research we could get our hands on, but the scale and scope of the target rendered much of the existing data useless.

So we started from scratch. Had Citi already been our client (as Purina had been), we would have camped out in its branches to observe customer behavior. But given the time crunch of a new business pitch, we instead put together a half-dozen exploratory focus groups. Focus groups have been maligned as an overused market research tool, a dull and misleading instrument. Some marketers believe that focus group respondents will tell you only what you want to hear. But we believed that our account planners could lead these focus groups in a way that uncovered the fresh insight that we needed.

Our planners listened hard, but this time around they weren't asking the right questions. We started getting the same answers, and they weren't very inspired ones. People talked blandly about peace of mind and security, interest rates, convenient locations, and ATM fees. Our creative team – hidden on the other side of a one-way mirror – was getting dross when it needed gold.

Our planners have learned to watch for a spike in energy in the room. Even when a focus group bad-mouths the product or the category, we listen because passion is often a better indicator of a potential insight than optimism. But these people didn't even fake interest. Our planners were desperate to find some emotional connection to the category, but the focus groups weren't even remotely interested in anything that had to do with banking.

Fortunately, one of our planners needed a haircut. While in the barber's Beat, he agonized over the participants' lack of interest in banking. His barber set him straight: people don't care about banks, but they care a whole lot about money and its role in their lives.

How had we missed that? The problem was that we were looking at the customer's contact point with the bank rather than digging deeper into the reason they needed a bank in the first place. We were looking for a proprietary emotion in bank transactions rather than in a customer's relationship with their bank. Because we were leading the discussion, our bored respondents were happy to stay on script. In their minds, the gulf between the tedium of banking and the importance of money to their lives was so wide that the discussion couldn't ladder up to what really mattered.

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We now saw that we needed to reframe the discussion in its entirety. Instead of talking about banks and money, we needed to get the participants talking about themselves. We tried another round of focus groups. This time, we got people talking about their lives and the role of money in them. We purposefully avoided the actual mechanics of banking. Immediately, our planners realized they were onto something. The energy in the room picked up. People were talking about money in terms of what made them happy, what they needed to live well. Suddenly, we had human beings, and not bank customers.

Even more remarkable was what these people were saying. These focus groups took place during the dot-com boom. According to the newspapers, everyone was obsessing with retiring by age forty. Start a company, take it public ASAP, and retire a millionaire. Or buy shares of an initial public offering, flip them a month later, and retire a millionaire. But the people in the second round of focus groups weren't talking about IPOs or Mercedes convertibles or vacations in the Seychelles. They saw money as a means, and little more. Being a millionaire wasn't a part of the fantasy.

Their words began to ring true, even though some of our team members were workaholics who couldn't imagine "getting by" as a financial goal. But we kept listening and watching. Over time, a pattern emerged. An entire new class of bank customers materialized. We labeled them "balance seekers," and we could already see how they might prefer an

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"unbanklike" bank. In the spirit of simplifying the business problem, we reduced the solution to its essence: cultivate the balance seekers.

BUT HAVE WE DISCOVERED AN EMOTIONAL TRUTH THAT MATTERS?

Unearthing an emotional truth is always an exhilarating starting point, but it is only a beginning. We can only imagine how the planners at Hal Riney felt when they identified those people who cared as much about how they bought a car as which car they bought and helped create the Saturn car company.

But before we got too excited, we needed to accomplish two goals. First, we had to verify the emotional truth; to win the account with these findings, we needed to establish the existence of this lost tribe of balance seekers beyond the focus group. How many were there? Would they be profitable bank customers? What kind of marketing messages would they respond to?

Second, we had to generate the big idea that would connect with these balance seekers. If there were no actionable way to help Citi connect with them, our insight about balance seekers would become interesting but useless.

So our planners dug deeper. Every week, omnibus research companies conduct telephone surveys across the nation with a large sample of people. When we need a quick read on a qualitative hunch, we turn to these firms for validation. For $1,000, you can buy a question in the survey, provided it's not product specific. We bought two. The first question was a qualifier to find out how many balance seekers were out there: "Thinking about attitudes of financial success, would you say financial success is having all the money you could ever want, or would you say it's having enough for basic necessities and a little left over to have fun?"

For those who answered it was having enough for the basics and a little left over we wanted to learn more about how they felt about this point of view toward money. Our second question was, "Would you say you have already achieved success, are not likely to ever achieve it, will achieve it in the future, or will always be working toward it?"

Almost half of the respondents (46 percent) said they were content having enough to get by; they were happy with their lives and would always be working toward success. This finding was hugely significant. Here was a large number of respondents with balance seeker tendencies that cut across all demographic lines of age, income, and education and yet hadn't shown up anywhere in the conventional research.

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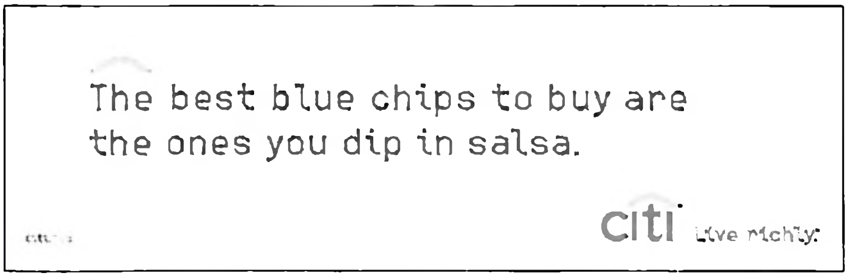
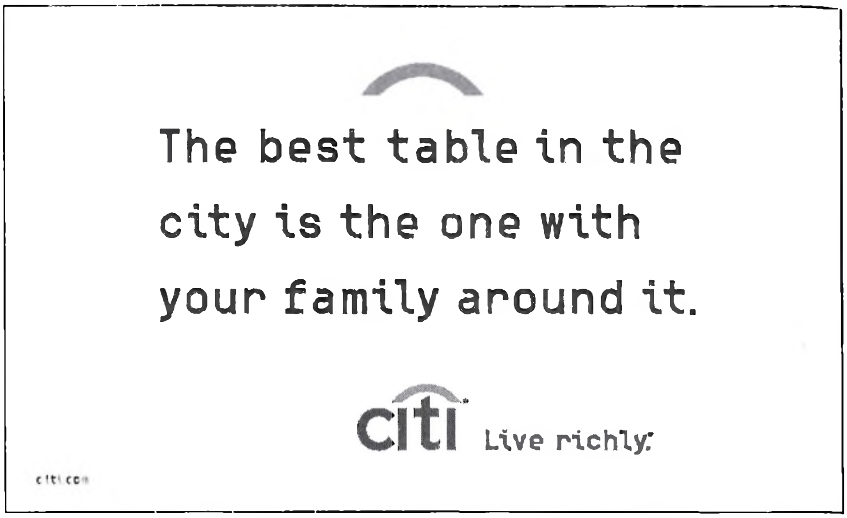


One of the indicators that we're on to an essential truth is that subsequent research keeps pointing back to the same place. Next, we tapped in to syndicated market research studies, the kind used by media planners everywhere, to further quantify the balance seeker target. Using questions that a large representative sample of Americans had already answered, we cross-referenced behaviors and attitudes about money and about life that confirmed that the balance seeker existed in great numbers. We were encouraged to find that about half of U.S. adults had strong balance seeking tendencies. Even better, these people indexed as having more assets and more bank accounts than the average bank customer.

This breakthrough was enormous. The team had verified and quantified a large group of people for whom money wasn't everything, and the number was large enough to justify our sharing it with Citibank. We didn't know how we were going to reach these balance seekers, but there was no question that they existed. We were halfway home.



STARTING A CONVERSATION WITH THE BALANCE SEEKERS

Now that we had found this emotional truth, we had to propose how Citi could credibly own it and differentiate itself in the minds of its current and prospective customers. Before we could build a communications program, we needed to bring the balance seeker to life. Thus far, our work had been confined to research and number crunching. Now we had to capture the balance seeker in more human terms. We did an exercise we often do: based on the abstract characteristics we had identified, we imagined describing that person as our neighbor.

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In this world of dot-com superstars, Powerball mania, and Who Wants to Marry a Millionaire?, Citi customers just smile und get on with their lives. In fact, they're kind of amused by the get-rich-quick mentality that seems to permeate the culture. They know what's achievable for them, und they're content with that. Sure, they'd like to have a little more money. Buy a nicer car or add a bedroom. Send their kids to a good school. Get that sixteen-foot bass boat. But they know that true financial success isn't some big pay date on a calendar in the future. It's not Ed McMahon knocking at the front door. True financial success lies in the little decisions they make every day regarding money. For them, money's not the goal. It's not what makes life worth living. Rather, money is the lubrication that keeps a happy life oiled und moving ahead. They measure success by the things they do, und not the money they amass. They actually understand that they can't have it all.

True financial success is a state of equilibrium. It's an intuitive feeling that they're using their money to get the most out of life today und tomorrow.

They're always trying to stay in that zone of equilibrium, but sometimes, as they say, sh*t happens. Things get out of whack. Life throws a curve. A roof needs to get fixed. An invitation to a party absolutely screams for a new dress. The car suddenly needs a complete brake job. And they must fight once again to find their new equilibrium. Nobody can do it for them; only they can regain balance.

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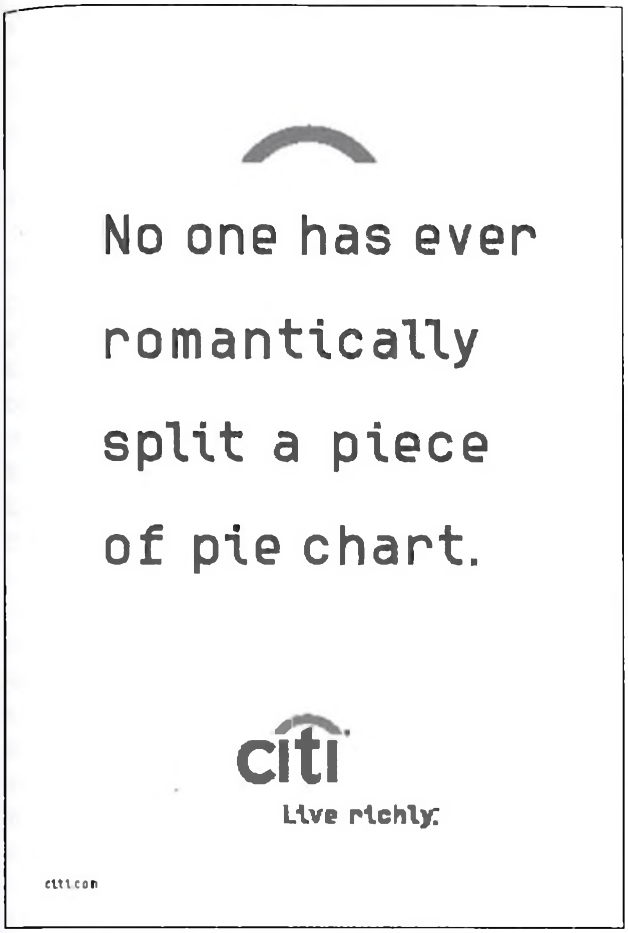
They believe a bank is best qualified to help do this. But start talking "relationship," und they'll run the other way.

From this point on, the work took off. Instead of feeling as though we were writing ads, we felt we were



connecting with this new audience. We had a mantra: "Citi understands there's more to life than money." In the brief, an account planner wrote, "These people want to live a rich life, not be rich." Our copywriter quickly reduced that to "Live richly."

We then created some sample television ads. The spots showed real people doing things that muttered to them, things that brought them more joy than money ever would. The first spot was filmed in our assistant producer's back yard, with him spinning his young son like an airplane. There was no script, just these words appearing on the screen:

A sure way to get rich quick:
Count your blessings.
There's more to life then money.
There's a bank that understands that.
Citi. Live richly.

When it came time to pitch we were nervous. The idea we were advocating would surely put demands on the Citi organization in areas like training, leadership, und brand advocacy that go well beyond our role as marketers. The company's behavior would have to match the advertising, or else the entire construct would fall apart. As marketers, we could lead reality a bit – show the way, if you will – but we could not get too far out in front of the customer's actual experience or there would be a consumer backlash.

We anticipated some resistance und skepticism from Citi, but after we made our case, they were ready to bet the vault on it. They "got it" on a very human level. They could empathize with balance seekers, und they could see how they could serve this market better than anyone else. It was just the unbanklike approach that Citi was seeking – not only as an advertising campaign but also as an organizing approach to serving customers.

BIG IDEAS HAVE BROAD SHOULDERS

We have produced more than 800 executions, including 175 in the well-known poster series that line the streets of Manhattan. The connection between the balance seeker and the brand took hold almost immediately. After the first eight-week flight of advertising, the tracking research showed that consumers' predisposition to use Citi as a financial services provider jumped 50 percent. Citi saw a 25 percent increase in Web site inquiries during that same advertising flight. Those early feel-good indicators proved to be no fluke. The campaign immediately started proving its ability to drive business. Credit card acquisition went up by 30 percent, home equity loan

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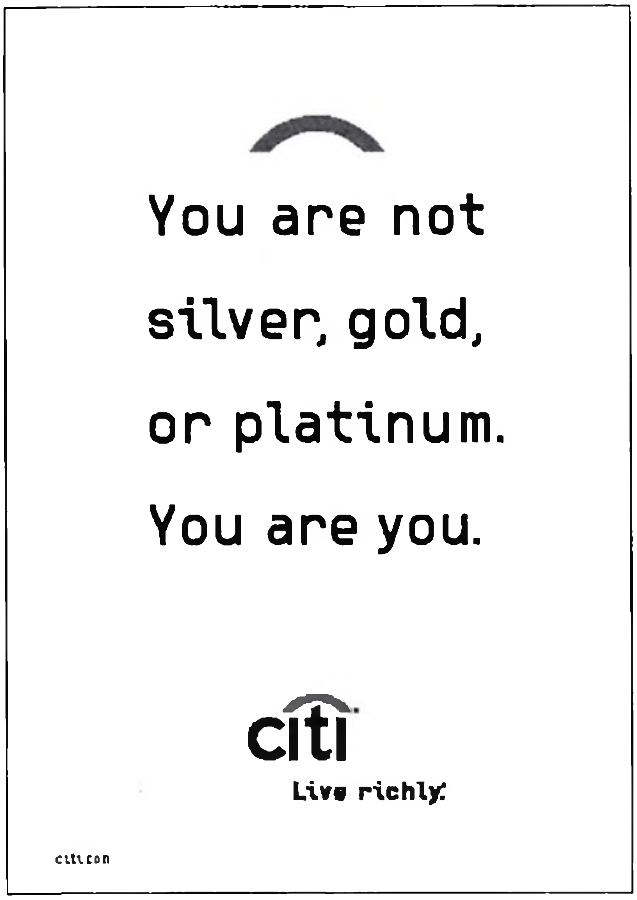


applications increased 14 percent, and small business card accounts rose 20 percent.

Wall Street took notice. Analyst David Hilder of Bear Stearns wrote in a research report, "Citigroup did a good job of conveying the breadth of its global consumer franchise, especially a thoughtful and successful approach to consumer advertising, which is rare for a financial services company." Citi was well on its way to establishing a solid position as a global power brand.

The balance seeker also proved to be what we call a "platform idea." A platform idea can transcend advertising and touch on many aspects of a client's business. We felt that "Citibank knows there's more to life than money" was a brand philosophy that could apply to any number of Citibank product lines – in the credit card division, at the individual branches, or in the loan offices. If properly executed, a platform idea has the power to help transform the brand.

Practically every product fit under the "more to life than money" platform idea, and "Live richly" had the bandwidth to influence product development, retail branch design, billing statements, and virtually every contact point between Citi and its customers.

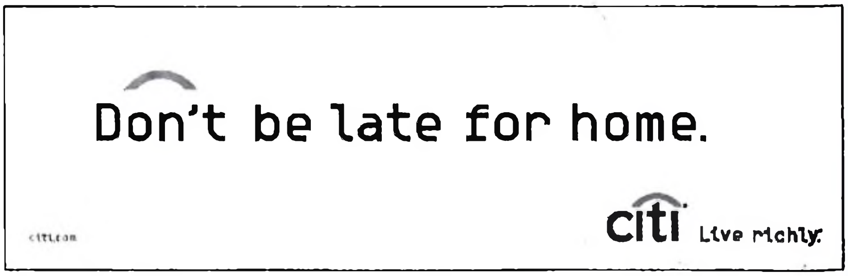
For example, as fear of identity theft swept the country, Citi introduced the bent identity theft protection features available on any credit card. Rather than bland assurances, we did a series of arresting commercials where you see the victim of identity theft at homo talking to the camera. But coming out of the victim's mouth is the voice of the criminal who stole his or her identity, gloating about all the purchases they'd made. The announcer concludes, "Citi identity theft solutions. Free with any Citi card. Help getting your life back? That's using your card wisely." The product features as well as the style of the commercials reinforced the "Live richly" theme.

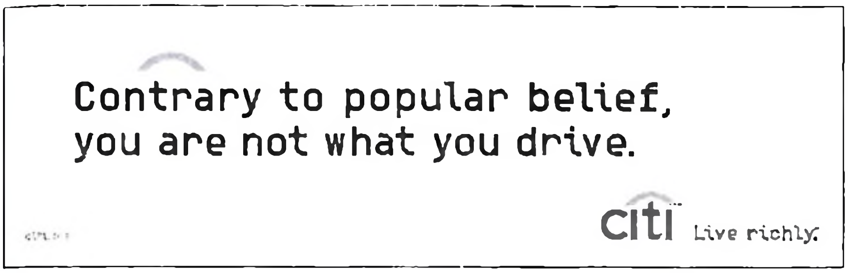
Citibank also reinvigorated older products under the new brand identity. Citipro, a free financial planning service that provides an entry point for multiple retail product sales, had been in the market for some time, but after it was relaunched under the "Live richly" mantra, activity jumped. After the first six weeks, inquiries were up 67 percent, leading to a 184 percent increase in product sales.

The best platform ideas can even work internally. We wrote a twenty-five-page booklet for Citi employees about how to identify and help customers who sought balance. We even created a job application to see whether future Citi bank employees could identify with the balance seeker ethos.

THE BALANCED SEEKER TRAVELS WELL

"Live richly" was originally conceived for the U.S. market. But the humanity of the concept is far more universal than we could have imagined. We have found balance seekers around the world, and the concept has translated well in Germany, Greece, Japan, and Brazil.





But there are subtle and important differences in these markets that have showed us the importance of continuing to listen to your customer even when you think you've got them figured out. As we extend the campaign geographically, the execution changes to match the cultural climate. Citi makes sure to approach the balance seekers in each country through the lens of their own culture rather than demanding global consistency.

The German balance seeker, for example, is concerned about security and health. The Greek balance seeker, on the other hand, cares about security but wants to live life to the fullest. A Greek consumer put it this way: "You can't have quality of life without security, but what's the point of being secure if it's no fun?"

The Greek adaptation of the campaign is getting results. All expected measures of awareness and attitude have jumped, and net revenue from credit card operations is up 20 percent. The company received eleven thousand inbound calls during the loan promotion. High-interest savings accounts grew faster at participating branches than the combined growth of all products in the previous three years.

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RIGOR AND CREATIVITY WILL GET YOU OUT OF THE COMMODITY TRAP

This case started with a client that saw the dangers of the commodity trap and was committed to find a way to break out. They demanded to see something different. On our part, the account planners understood that satisfying the client's demands would take a level of insight that went beyond the norm.

When creative leverage works, there's a strategic breakthrough; you discover something about the target market that is new territory. The big lesson is that you've got to be relentless in your interrogation of the target market until you find this proprietary advantage. Lightbulbs don't go on until the house is wired right.

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authors of "Juicing the Orange – How to Turn Creativity into a Powerful Business Advantage" and „The Work: 25 Years of Fallon"