

It's the Era of Re-evaluation: Time to Check Your Brand's Humanity

BY ETHAN WHITEHILL, CHIEF MARKETING OFFICER

The breakdown of the traditional marketing model is not news. But the pressure tests of 2020— from quarantine and unemployment to economic uncertainty and social unrest— have made that inconvenient truth painfully apparent. And the call for change has become desperately urgent.

With confidence eclipsed by concern, consumers now wrestle with what used to be routine purchase decisions. Necessity and advocacy have replaced spontaneity and loyalty, leaving many brands struggling to create relevant connections with consumers.

Welcome to the ERA OF RE-EVALUATION, a time when most people are reconsidering their brand choices...and when most companies need to recalibrate their brand experiences.

The new era has given rise to an awakened consumer. She's adapted to the shelter-in-place/shop-in-place landscape and will emerge from it with reconsidered values, behaviors, and, most importantly, social expectations. Already, this shopper, in her many forms (consumer, buyer, user, loyal customer), is telling business she's through with one-way, top-down brand engagements. Her new world order is bottom up, inside out, and sideways. She's more motivated by meaning and co-creation than mere marketing and promotion.

As a result of this seismic shift in influence, marketing professionals are just now learning what management scholars have known about human motivation for decades—that people respond more favorably to intrinsic rewards than extrinsic rewards. For many brands, however, that kind of talk is heresy—against nature, against culture, against history. Perhaps, then, it's time to take a serious look at a classic theory of motivation that many business schools teach but few businesses practice.



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Nearly 50 years ago, Douglas McGregor's *The Human Side of Enterprise* introduced business to two different theories on worker motivation. The first, Theory X, assumes people inherently dislike work and try to avoid it when possible. The other, Theory Y, asserts people can, under the right conditions, enjoy work just as they enjoy play.

The main difference between these positions comes down to the satisfaction of personal needs. Think Maslow's hierarchy. Under X, we work to satisfy lower needs (food, shelter, etc.) and we use leisure time to fulfill our higher needs (esteem and self-actualization). Y, on the other hand, suggests that work can address higher needs by allowing us to express our natural creativity and ingenuity.

When applied to management, these theories translate into two divergent styles. Theory X managers drive productivity through command-and-control environments with traditional carrot-and-stick incentives, while Theory Y managers stimulate performance

through decentralized control, delegated responsibility, and accountability. According to McGregor, the latter ultimately leads to greater satisfaction and productivity. After all, Theory X incentives have limited utility in a modern society where lower needs are more easily satisfied.

In his 2009 book, *Drive*, author Daniel Pink updates McGregor's ideas by introducing Theory I. Similar to Theory Y, this theory emphasizes the power of intrinsic motivation. Pink contends that the best motivators for today's workforce are autonomy, mastery, and purpose—not bonuses, benefits, and penalties.

So how do McGregor's and Pink's theories connect with marketing and, specifically, customers? Whether you're talking about employees in the workplace or consumers in the marketplace, it all boils down to people exchanging value. And those exchanges require motivation.

Building on this insight, marketers have historically adopted one of two attitudes toward consumer motivation. Theory X brands see consumers as inherently lazy creatures who respond best to extrinsic rewards, such as discounts, deals, and promotions.

Meanwhile, Theory I brands view consumers as creative, social beings who respond best to intrinsic rewards, such as personalized experiences, a sense of community, social responsibility, and a feeling of wonder. At MERGE, we call this enlightened approach *business-to-human* marketing.

Leading the charge in today's business-to-human movement are companies that put "Why" before "Buy." They understand that promoting purpose and creating an emotional connection is at least as important as promoting price.

Consider restaurant brand Marco's Pizza. While the early days of the pandemic saw many somber marketing messages of gratitude, Marco's took a different path. The pizza chain put its fans and franchisees first and released a campaign featuring user-generated content. The uplifting video showed customers sharing little moments of joy and pizza—from family dinner tables to frontline deliveries for essential workers. The brand's humanity and humility resonated with audiences in lockdown, and Marco's sales outperformed all expectations.

Sure, a business-to-human approach may come easier for nimble challengers like Marco's but don't count out the big guys. American Express, one of the world's most respected, time-tested brands, proves smart institutions can lead revolutions, too.

Though Theory X-style rewards remain a mainstay of card loyalty programs, AMEX invests heavily in customer data and analytics to personalize every member engagement. Whether acknowledging an anniversary, recommending restaurants based on upcoming travel, or changing email imagery based on time of day opened, adapting content to personal context adds intimacy and creates true intrinsic value.

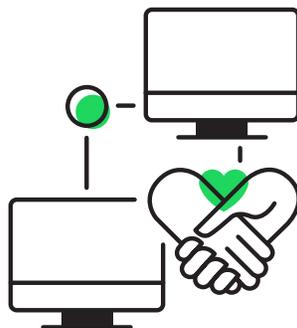
Price promotion still plays a role in modern marketing, especially when it comes to attracting new consumers to your brand. Except extrinsic rewards stimulate only temporary lift, not sustainable lifetime customer value. Use Theory X-style incentives in combination with Theory I-style programs, however, and you'll surprise, delight, and, most importantly, motivate customers in the ERA OF RE-EVALUATION.

The Seven Habits of Business-to-Human Brands

True to Theory I, B2H marketers make these brand behaviors a priority:

- Invite exploration, discovery and play in brand experiences.
- Inspire customers to become advocates, ambassadors and aficionados.
- Commit to connecting with consumers via social and personalized channels.
- Partner with local or national causes that are important to customers.
- Give customers a sense of community and shared purpose.
- Align the brand with corporate culture and ensure employees play a key role in the brand story.
- Leverage data and technology to incrementally—and empathetically—improve every moment in the customer journey.

Practice this list and your brand will be well on it's way to creating meaningful, motivating human connections that will survive 2020 and thrive long after.



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MERGE is committed to bringing health, wealth and happiness to the world by partnering with the best business-to-human brands of today and tomorrow. Our solutions merge storytelling with technology to personalize brand expression and optimize customer engagement for a fully digital, deeply human experience. We offer full-service capabilities including strategy, creative communications, shopper marketing, experience engineering, media, digital platform development and more.

With 550+ employees across offices in Atlanta, Boston, Chicago, Kansas City, New York City, Orange County and Toronto, MERGE's task-to-talent model gives clients access to on-demand expertise and agile teams for rapid innovation and award-winning implementation.

If you need help adapting your marketing plan to the new normal, we're ready to talk.



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