

Chapter 1

CONGRATULATIONS – IT'S A BEAUTIFUL BABY BRAND . . .

Brands first made an appearance in the nineteenth century,² pretty much at the same time the Industrial Revolution started to radically change the way we worked and lived. This is, of course, no coincidence: rapid industrialisation meant people flocked from rural areas to the cities and the newly created industrial centres. At the same time, an unswerving focus on the novelty of efficiency in process meant most of those taking up these jobs found themselves in roles that were highly specialised and fragmented. Specialisation, efficiency and scale were the watchwords of these burgeoning economies.

Both the mass migration of hopeful workers and the world of specialisation that awaited them had one overriding effect: people became more distant from the products and services they had previously taken for granted and, very importantly, trusted. Suddenly, the local butcher could no longer vouch for the cut of meat, the local greengrocer was unable to defend which vegetables would be best at this time of year, the local tailor unable to run you up a suit, knowing your size and favourite cloth.

Suddenly, no-one knew the quality of anything anymore – there was no-one trusted on hand to recommend, and if there was someone there, chances are they would no longer fully understand the processes and suppliers involved in underpinning their recommendations and guarantees.

In the process of exploding supply, provenance – that key mediator of demand – was being bent out of shape. To put it another way, a major casualty of progress was the ability to establish trust. We call this the 'provenance cost'. And it represents the fundamental spark that ignited the whole revolution in brands.

To try and lighten this provenance cost, to try and restore this level of trust and to try and reduce this enormous search process that now confronted the new consumer, brands were created. In short, these first brands were there to slash search costs for consumers, and attempt to bring them 'closer' to the process in order to gain their trust. Brands were a substitute for personal, trusted sources of knowledge, which meant the brands themselves had to be *perceived* as personal, trusted sources of knowledge.

In the beginning, these brands were very straightforward creatures, attempting to communicate the bare necessities in order for consumers to assuage these provenance costs. Take, for example, P&G's efforts for Ivory Soap in the 1880s, where the product was advertised as '99 44/100 per cent pure'.³ It went on to list what the soap was useful for (washing laces, infants' clothing, cleaning gloves and '. . . for the varied uses about the house that daily arise'). Not the most catchy piece of writing, but it did the job in terms of slashing search costs and demonstrating provenance (the illustrations that accompanied this copy were equally austere and perfunctory).

For their very existence, then, brands were – and are – dependent upon social capital. Without social capital – the synaptic fluid between the 'brand nerve' and 'consumer receiver' – there can be no connection, reaction or event. Brands and social capital are bed-fellows, like it or not.

To be more specific, in trying to lighten 'provenance costs', brands were trying to compensate for widespread reductions in broad social capital as a result of migration and specialisation, by offering up their own artificial version. But they were not replacing like with like.

Although the specifics of social capital in the context of brands are covered a little later, it's worth sewing some seeds now. Social capital – the health of a society measured in relationships and their strengths – is underpinned by three main constructs: a structural construct, a cognitive construct and a relational construct.⁴

The structural construct refers to dialogue – conversations between people and groups of people, be they your family, neighbours, work colleagues or, in fact, complete strangers on the other side of the country (or world). If we look back at the 'provenance cost' associated with the migration of workers and their more specialised roles (the inability to talk to the butcher, greengrocer or tailor, for example), it becomes clear that brands were there to try and

meet this social requirement: to keep a form of dialogue in play – and very specifically, to try and mimic a form of local dialogue, even though parties were far apart. This intimacy is a tactic that brands today still use to great effect, realising that we've never let go of that emotional desire to be close to community, despite the enormous efficiencies of globalisation.

Which leads us to the second undergirding construct – the cognitive construct. This represents the new ways of thinking that emerge when social capital is higher. Think about how your opinions or views on issues can be influenced through discussions with others, or editorial comments or even documentaries on television. Again, brands in their nascency attempted to stimulate thought processes within consumers that allowed them to build cognitive links with the products and services represented by those brands. In particular, even though these consumers were now in new cities and new environments, brands were attempting to assuage that sense of dislocation by presenting a way of thinking that still celebrated 'local'. It didn't matter that the company behind the brand was thousands of miles away, because the *brand* was close to you.

Third, there's the relational construct. Put simply, this construct represents trust. Small word, but long reach and big punch. Trust is the grease in most relationships. Trust underpins whether you accept the inherent risks in entering into a relationship, with past performances an indicator of future performances. Without trust, a promise is useless, and without a promise, a brand has virtually nothing to say. And as we have seen, these early brands were trying to restore trust in that sense of confidence in a contract between producer and consumer. And once again, they were trying to do this by bringing the consumer 'closer' to the producer, with language, design and other devices to elicit intimacy.

As mentioned, we'll look at social capital in much more detail a little later, but we felt it worthwhile seeding these elements at this point, since they provide a novel context within which to view the development of brands. This social capital lens offers a view of how they subtly helped society shift from a local community system to one of mass urban mobilisation by simulating the continuation of a form of social glue that had kept communities together for generations. Brands made a token, but highly visible, contribution to tradition in a world preoccupied with looking forward.

But behind that token was a far more fundamental fillip. In easing this transition, brands were instrumental in adding one more thing to the ‘social capital mix’: they were swapping a blend of naturally occurring social capital with their own plastic version. As we’ll see in the later sections, we’ll argue that this switch has had a profound effect on the way brands engage with consumers, and how we as consumers react.

The reason it’s important to distinguish between the different forms of social capital at this stage is that brands were trying to always reproduce a form of capital built on intimacy, familiarity and homogeneity. The result is what is often called ‘thick trust’⁵ (where trust is very localised and determined often by the perceived homogeneity within the group). But what was missing were the balancing devices of other forms of social capital, built more on heterogeneity and ‘thin trust’. Put another way, there was too much glue to stick us together and not enough oil to remove friction.

This pseudo capital process had clear benefits for the producer. By offering up this fillip for capital, firms were able to scale their operations and reach immeasurably, for one simple reason: as the brand was all about being close to the consumer, it didn’t matter where the operations were, or how long their distribution chains, because ultimately the brand was always next to the consumer – and the consumer liked this cosy homogeneity.

Brands, then, became a vital link between increasingly efficient and scaled business, and increasingly mobile and disconnected consumers: a link that represented a guarantee of quality and consistency from the producer to the consumer. And to this day, this guarantee, or promise, in the form of an implicit contract between these two parties persists. Brand equity is built largely upon this trust⁶ in delivering on this promise.

So, it is fair to say that during this era of brand emergence, brands represented a win-win for producers and consumers: they guaranteed quality, consistency and accuracy. They presented consumers with a short-cut to making the right choice along with a level of protection, and they presented producers with a device with which they could establish themselves in markets far from home, and in categories or industries in which they had no previous presence. Everyone was happy. This was when foundations were laid for some of the most enduring brands.

Take Kellogg's, for example. Today, the company boasts an impressive portfolio of cereal brands. In fact, in many households, Kellogg's is breakfast cereal. Back in the early 1900s, Kellogg's was a striking example of how brands tried to mimic 'cosy' and intimate social capital in their positioning and communication efforts.

An example of a campaign that dramatically stimulated this plastic, brand-driven social capital was rolled out in 1907 as the brainchild of Will 'W.K.' Kellogg, and called 'Wednesday is Wink Day in New York'.⁷ With no mention of Kellogg's in the advertisement, housewives were encouraged (dared even) to wink at their local shopkeeper. If they duly did this, the wink was the signal for the shopkeeper to hand out a free trial packet of cornflakes. By all accounts it was extraordinarily effective, running on successive Wednesdays and increasing sales in the New York area alone fifteen-fold.⁸

Behind being seen as a progressive, innovative marketer and bringing cornflakes to millions more American homes, Kellogg's was leveraging its own version of bonding social capital (as opposed to linking or bridging capital). Implicit in its message was an invitation to feel comfortable and playful with your shopkeeper, in maybe the way you would have been when you knew he was the son of the guy your father used to buy groceries from. It was a great way to foster stronger immediate bonds within what was probably an already homogenous, but recent, transient community. Except, of course, that level of intimacy and informality could not have developed that quickly had Kellogg's not intervened. The Kellogg's brand, then, was a mediator of this rapid replacement of social capital.

Procter & Gamble (P&G) is the fourth most profitable company in the world, and the fourth largest company in the US by market capitalisation, behind only Exxon Mobil, Microsoft and Walmart.⁹ It's also the largest advertiser on the planet, with a staggering portfolio of twenty three 'billion dollar brands' (brands with annual sales of one billion dollars plus).

We've already mentioned P&G for its early work on Ivory Soap in the 1880s. But it was also early to get on the bandwagon of reproducing a form of social capital for its consumers in a novel way.

It's fairly common knowledge that the term 'soap opera' was coined because of the fact P&G, and its leading detergent brands, were behind many

of these most successful shows in the US. Starting on radio in the 1930s and then moving to television from the 1950s, P&G delivered more than a dozen popular daytime dramas. What links all of these efforts – from ‘Another World’ through to ‘Young Doctor Malone’ – is the fact that they presented tight community antics to disparate audiences. They were, once again, a fillip for a form of social capital: a fix for all those who were far from such communities, as a result of the rapid and continued migration. As it happens, ‘As The World Turns’, which started in 1956 and takes place in the fictional town of Oakdale, Illinois, is the last of the P&G sponsored shows still airing in the US. So it seems, in the US at least, the appetite for these fillip portraits of high social capital has waned. Could this be a sign of the return of genuine social capital?

So as society underwent seismic shifts in terms of productivity and migration at the tail-end of the nineteenth century through to the early decades of the twentieth century, brands were a means to help people remain connected to forms of social engagement that defined the way things used to be, even if that help from brands involved a certain amount of manipulation. Brands have always been in the social capital game.

And, of course, as productivity rose, so did personal wealth. This was a generation growing up with money in its pocket – and since an increasing amount of social meaning was being shaped by the social capital supplied by brands, it was inevitable that this new generation of consumers would put their hard-earned money to good use and buy into these brands.

Initially these emerging consumer needs were essentially utilitarian: warmth in the form of clothing or indeed heating; security in the form of personal living space and ownership; and safety in the form of safer cars or indeed secure banking. And in each case, brands attempted to deliver on these needs by promising a level of value that would satisfy the consumer: a level of value couched in the context of intimacy and familiarity that can only be achieved through strong ‘snug’ social capital.

Well maybe. But looking back, the writing was very possibly on the wall at this point. Maybe the obsession with efficiency and an over-reliance on what had become known as ‘scientific advertising’¹⁰ allowed an overestimation of what brands could do. Or rather should do.

Efficient and rational – adjectives of an era

Frederick Winslow Taylor¹¹ (and many others) was hugely influential in progressing not just the mechanics of the Industrial Revolution, but the ideology of the era. Man had conquered the chaotic and whimsical, in terms of nature and the cottage-industry era, to emerge as scientific master of all he surveyed. The Era of Scientific Management and the Efficiency Movement had arrived. Suddenly, the earth was caught unawares, and her riches in terms of resources were laid bare for new scientific man, courtesy of his ingenuity, focus and rigour, to use in whatever way he felt fit to further his dominance in the world. Scale and efficiency were 'in'.

Such was the pervasiveness of this scientific enlightenment in management and business that it determined the way these businesses – and their emerging brands – attempted to engage with their new consumers. As with everything else, consumers could be seen as people striving for efficiency and rational purity. From these origins, what are now seen as the traditional consumer behaviour models were born. These were models predicated on the consumer striving to gain as much pertinent and focused information as possible, systematically sifting through this information over as many iterations as it took to arrive at an unbiased position as to which of the options then appeared to deliver maximum value, i.e. the greatest net benefit with all costs considered. Humans were rational processing and counting machines, systematically and efficiently working through every decision in a precise and formulaic manner.

Described in this way, the models feel woefully inadequate, especially when placed in the context of behavioural economics, aspects of social psychology and, closer to marketing and communications, the work around networks, collaboration, co-creation and value-in-use.

It's also important to remember that this perspective is still extremely powerful today. Whilst emotion is now recognised as a key driver of engagement and consumer behaviour,¹² the vagaries of dealing with such volatile (if effective) processes still push many firms to model their brand communication efforts on what is still, essentially, the traditional consumer behaviour model: communication strategies built on the assumption that the consumer approaches a purchase decision in an essentially linear and rational fashion,

in a vacuum without higher or more abstract goals playing a part and without other complementary brand experiences getting involved. The consumer purchase funnel is testament to that persisting scientific management approach to consumer behaviour.

From this 'rational' perspective, the 'good' is the thing, and is primarily shaped by the capture and manipulation of natural resources, to create something with value embedded for the consumer. In other words, what you're paying for is a product already laden with all the value it can possibly deliver: it's hardwired in, before you even get your hands on it.

This dominant logic emerged in this era of rapidly expanding businesses, benefiting from hitherto unheard of levels of efficiency delivered by eager, plentiful and adaptable employees. And whilst natural resources were also plentiful, in this new scientific playground, businesses quickly recognised that controlling the physical raw materials and resources was paramount. Vargo and Lusch¹³ describe this separation of physical and human resources as operand resources (those to which changes are made in order to produce value) and operant resources (those who work on operand resources). In a nutshell, early business saw operant resources as limitless, but operand resources as the scarce resources. And so a fixation with product and good was created, spilling into the marketing function, as brands worked to extol the embedded value in the product they represented.

Despite many shortcomings, the rational consumer behaviour models, the focus on raw materials (operand resources) and the conviction of embedded product value, together with the general scientific management approach and all of its extensions, served the burgeoning marketing function and its creation of brands well. As already stated, these new markets of consumers were made up of people often dislocated from what had been their established communities and the various forms of support they offered through social capital (invariably of the bonding variety). Consumers needed to offset these 'provenance costs' by gaining access to trusted mavens of quality. And, as we've also mentioned, in many cases these needs for quality and consistency were in the context of functional, utilitarian aspects of the products in question.

This marriage of utilitarian need and scientific response seemed pretty good, for maybe the reason that both were pretty rational fellows: to go back

to the earlier examples, if you want clothing to keep you warm, a heavy fabric, well stitched is what you need, and the process to ascertain which overcoat delivers that can be fairly swift, thanks to the substitute provenance offered by the brands. Consumers could easily weigh up the utilitarian benefits with the associated costs, incorporate the promise proposed by the brand with respect to future performance and chug through the process until a clear winner became obvious. As already shown in the earlier P&G Ivory Soap example, this rational, transparent, ordered decision process was clearly reflected in the style of the brand communication efforts.

But the system seemed less suited to the inevitable evolution of this process; that once these basic, functional utilitarian needs are met, a new wave of 'wants' emerges – wants based on emotion, personal circumstance and a moment in time. Suddenly, a model based on 'scientific making' and 'rational selling', a model based on a solid processor of a consumer, seemed ill-suited for the job.

From utilitarian to hedonic – when needs explode

Common sense says that once utilitarian needs are met, individuals start trying to meet higher-order wants. There are many ways to describe these, but we're going to go with 'hedonic'.

By hedonic wants we refer to the emotional wants of the individual – those wants fuelled by what are labelled 'Three Fs' – fantasies, feelings and fun.¹⁴ So if we go back to the previous examples, we can see how, once the utilitarian benefits have been experienced and expectations have risen, these exact same relationships can evolve into being about hedonic benefits: clothing ceases to be about warmth and function, and becomes about fashion, style and personal statement; housing becomes less about shelter and security, and more about size, location and decoration, all to broadcast a desired image; and cars become less about secure and efficient transportation from A to B, and more about design, speed and demonstrations of wealth. These are in no way meant to represent the sum of all of these hedonic wants with respect to these products, and that is the point: to try and sum all types is impossible, since not only are there (probably) thousands of fragmented types of hedonic

want, but they all swirl around in a turbulent sea, whose currents are determined by contextual, relativistic and temporal factors. So the rational consumer type, born out of scientific management, appears woefully inadequate in trying to understand and respond effectively to this new type of want.

And there's one particular facet of this inadequacy that we want to introduce now as a primer for a later discussion. The rational model is based on consumers being able – and willing – to sift through information in a balanced and systematic way until a clear frontrunner appears: acquire, analyse, acquire more, analyse further, etc. Utilitarian benefits, by their very definition, are not abstract or volatile, meaning they remain static and constant long enough for the consumer to go through this iterative process with some degree of effectiveness. But when we get into the realm of hedonic value, those qualities tend to disappear. That's not through any volition on the part of the consumer, but rather the inherent nature of hedonic wants. The result is a constantly moving target, buffeted by a panoply of conflicting wants and needs, meaning any systematic analysis becomes onerous at best, and futile at worst.

The important point to set up here – and one that we will return to in Part II – is this: traditional (but pervasive) models of marketing and brand communication place a considerable – arguably unsustainable – demand on the consumer to reach a decision when it comes to satisfying hedonic wants.

And are these really hedonic wants? Or are they also needs?

On the surface, it's very difficult to accept that a pair of Jimmy Choos, an Aston Martin or a villa in the south of France are 'needs'. Surely these are out and out luxury goods that can only ever be wants?

Well, maybe not.

To argue the want/need distinction, it's worth considering another sociological phenomenon at this point: adaptation. We humans are extraordinarily adaptable. We live, work and play in a variety of environments and circumstances like no other creature on the planet. Whether it's on the Upper West Side in Manhattan or in an impoverished district of New Delhi, we find a way to make it work. We adapt.

Carol Graham¹⁵ cites adaptation as a major reason why people can appear happy in environments as extreme as war-torn Kabul. She does argue,

however, that the process of adaptation can be painful for us, which explains why rapid transition towards affluence can be so dislocating for society.

Graham goes on to talk about the paradox she calls 'happy peasants and miserable millionaires'. You probably know them: people who have lots of stuff yet seem persistently unhappy with life. This is also a product of adaptation, in that we adapt to these luxuries increasingly quickly, with the result that the delight they initially delivered wears off faster and faster. But it is not simply the case that delight is more rapidly replaced with nothingness or neutrality. Research shows that delight is replaced by pain. In other words, there is an actual negative hit that is felt when the delight has passed.

Psychologist Richard Solomon¹⁶ calls this effect – where initial euphoria and delight turns to some form of pain – 'affective contrast'. He argues that it exists in even the first experience with the product or service that is attempting to meet this want, when the delight is at its maximum because of the sheer novelty of the encounter. Only at the beginning, the size of the negative after-effect is so small, and possibly so distant from the act of consumption or enjoyment, it doesn't register as linked to that encounter. But from that point on, he argues, the negative after-effect only grows in size and moves closer to the positive until it is simultaneous with the positive effect – and indeed larger than the positive effect. The result is the 'unhappy millionaire' effect. The concept is closely linked to the arguments laid out by Scitovsky¹⁷ in his 1976 book *The Joyless Economy*, where he argues that for hedonic wants to be met with delight, they always have to be novel. Hence our search to consume must constantly find fresh new pastures in order to uncover 'the hit', as these wants morph into needs.

If we head back to the era of 'brand emergence' we can see how these burgeoning hedonic wants, together with the social capital fillip that brands represented, potentially combined to form the perfect storm that exacerbated the onset of what we call the Era of Social Capital Waning.

We've already argued that the emerging brand communication model was predicated on a misplaced, or certainly limited, understanding and appreciation of how the consumer approached consumption decisions, especially decisions influenced by rapidly surfacing hedonic wants. The result was very possibly an increasing focus from consumers on how to make the best choice

to meet hedonic desires, given the tools and guidance provided by the brands in question.

It is our argument that this resulted in more time needed, effort expended and souls searched to make increasingly complex decisions. In short, less time being an everyday person and more time trying to be the best consumer they could be (with increasingly little effect). Consuming was becoming hard work.

At the same time, the artificial social capital offered by brands (to replace the trust in small communities) as a remedy for the 'provenance costs', very possibly acted to drive these consumers further towards consumption. Why? Because their most trusted source of social capital, with respect to consumption, were brands that were fundamentally *defined* by consumption, as opposed to the impartial, discrete referees within communities rich in authentic social capital. In other words, this branded fillip for social capital had a pernicious multiplier effect on this transition towards consumerism.

The old social system had included mavens who not only offered discrete and unbiased guidance on purchase decisions that were predominantly utilitarian, but where nascent hedonic wants surfaced, would advise in the context of a sense of natural balance. In other words, individualistic hedonic ambition is tempered by more altruistic concern for others. There is an appreciation and responsibility for the 'commons'.¹⁸

The 'commons' refers to the communal assets available for use by a group of actors, with the optimal outcome being that these actors use the assets at a rate that is good for them all collectively. The frequent example given is the grazing of livestock on a communal patch of grass, with the optimal outcome being that the farmers don't exceed the grazing capacity of the grass by putting too many cattle on it, since whilst this may produce short-term gains for certain individuals, it produces long-term losses for all of them. A failure to see this long-term, collective view gives rise to the 'tragedy of the commons'.

So, high – and balanced – social capital keeps the 'commons' in good condition for all. And to reinforce the link between social capital and sustainability (or rather 'unsustainability'), it is no coincidence that the expression 'tragedy of the commons' is used most frequently these days to describe the issues around climate change (where the 'field' is our atmosphere) and fishing

practices (where field equals ocean, naturally).¹⁹ Sustainability and social capital, to reiterate, are joined at the hip.

Back on our timeline of the evolution of brands, we can also see how brands went through a major shift in how they connected with consumers, as this emergence of hedonic wants and needs became apparent. Brands moved away from the simple, plain, provenance cost assuaging approaches ('announcement' advertising) and instead adopted more spirited and artistic approaches to align themselves with this new 'want set'.

We introduced the P&G Ivory Soap example of 1882 a few pages back, focusing on the perfunctory nature of its communication efforts. But just fourteen years later (1896), the same brand was using strong imagery of beautiful, calm and elegant women and ran with copy that was essentially a wistful poem, appealing to emotions more in line with these emerging hedonic ambitions (Figure 1). We had now entered the brand image era, building powerful associations between ideas and beliefs, and personal and subjective norms for the consumer.²⁰

Over the period of a few decades, and as a result of both a rise in hedonic wants and in the context of an artificial form of social capital (accelerated by the arrival of brand image), we'd argue it is pretty easy to see how two key characteristics of modern human behaviour started to make an appearance: in came materialism and individualism. The former, we would argue, was as a result of brands providing an unchecked and intoxicating form of social capital to otherwise dislocated and isolated consumers. And the latter, we believe, aptly describes another character in the tragedy of the commons – the 'free-rider'. The free-rider is the actor who abuses the situation – someone who places their short-term personal gain over the long-term gain of the collective. In this instance, we would argue that individualism per se represents a free-riding mentality towards the wider common that is our overall stock of social capital.

We're not, of course, saying these aspects alone explain the emergence of these characteristics that most agree are antithetical to the solutions we need to find today. But we are trying to present a perspective that we hope is novel in this debate: one of different sources, levels and types of social capital, and brands inadvertently supplying this as a means to meet burgeoning consumer needs. Through recognising that social capital is the 'operating system' for



Figure 1: 'Summer Girl in Yellow' Procter & Gamble's Ivory Soap advertisement, 1896. Reproduced with consent from the Procter & Gamble Company.

society, this novel lens allows us to recognise that brands, in extending what they were set up to do, were in fact tinkering with some crucial code within that operating system.

In doing so, this perfect storm of substitutes in social capital, together with the emergence of wants based around 'fantasies, feelings and fun', initiated a slow but unmistakable alteration process to the basics of modern society. This was the start of the Era of Social Capital Waning. And as the key tenets of social capital (trust, dialogue and shared thinking) started to shudder,

so externalities and marginalised voices started to rise. If we stop to think for a moment, these are inevitable consequences of lowering social capital. As trust diminishes, dialogue dries up and shared thinking falls by the wayside. So it's no wonder opportunities to externalise and marginalise not only appear, but appear *attractive* to certain players.

We've already introduced two of the most striking symptoms of this tinkering with society's operating system: materialism and individualism. But recognising the emergence of externalities and marginalised interests, it is easy to see another, profound consequence of this process. This Era of Social Capital Waning brought about unsustainable practices. In other words, it is our view the current crisis around sustainability is symptomatic of the collapse in social capital.

This is the crux of our argument: that social capital – or a lack thereof – is at the root of our problems, not unsustainability per se. The latter is a symptom of the former, and any meaningful solution will need to focus on the former.

We believe this is extremely exciting for brands, since their relationship with social capital – as we've started to show – is deep, historic and dynamic. If we're going to produce meaningful solutions, brands and social capital have to be a part of those solutions.

Before launching into that argument further, there are, however, two more questions that need to be explored in order to fully understand the context within which progressive brands can be instrumental in restocking our levels of social capital.

First, how much are brands to blame for the onset and continuation of the Era of Social Capital Waning? And second, how much do consumers *believe* they are to blame?