

## The Irrational Exuberance of the Coke Brand

Have you ever bought a new car and suddenly found yourself seeing the same car everywhere you looked? In a similar manner, ever since we booked Jerry S. Wilson, Senior Vice President and Chief Customer Officer at Coca Cola to speak at the LIC Annual Meeting April 28 – 30 in Atlanta about branding, I have been stumbling upon countless references to Coca Cola's innovative and effective branding and advertising tactics. And in a nod to the power of truly effective branding, everything I have read about Coke was written as the result of third party observation and research – none of it was generated directly by Coke.

Probably the most well known example is the continuing analysis of the Pepsi/Coke challenge, recently given new life in Malcolm Gladwell's book Blink. For anyone who's been living in a hut for the past thirty years – or haven't been alive that long – Pepsi embarked on a heavy advertising campaign in 1975 where they offered a blind taste test in response to Coke's dominance in the soda wars (or pop wars, depending on what part of the country you live in) and the results indicated that people clearly preferred Pepsi over Coke. Why then were Coke's sales so much stronger? Gladwell opines that the much sweeter tasting Pepsi was more appealing when taken in small doses, but that the more refined Coke worked better with can-sized servings, and therefore was more popular in sales, but less popular in sips.

In a more scientific take on this same advertising campaign, Dr. Read Montague, director of the Human Neuroimaging Lab at Baylor College of Medicine applied expensive fMRI technology to take a deeper look at the Pepsi Challenge in 2003. The results are summarized in a book titled Buy-ology by world renowned marketing consultant Martin Lindstrom.

"First, he asked the volunteers whether they preferred Coke, Pepsi, or had no preference whatsoever. The results matched the findings of the original experiment almost exactly; more than half of the test subjects reported a marked preference for Pepsi. Their brains did too. While taking a sip of Pepsi, this entirely new set of volunteers registered a flurry of activity in the ventral putamen, a region of the brain that's stimulated when we find tastes appealing".

As a follow up, "Dr. Montague decided to let the test subjects know whether they were sampling Pepsi or Coke *before* they tasted it. The result: 75 percent of the respondents claimed to prefer Coke. What's more, Dr. Montague also observed a change in the location of their brain activity. In addition to the ventral putamen, blood flows were now registering in the medial prefrontal cortex, a portion of the brain responsible, among other duties, for higher thinking and discernment".

All of this indicated to Dr. Montague that "all the positive associations the subjects had with Coca-Cola – its history, logo, color, design, and fragrance; their own childhood memories of Coke, Coke's TV and print ads over the years, the sheer inarguable, inexorable, ineluctable, emotional *Coke-ness* of the brand – beat back their rational, natural preference for the taste of Pepsi. Why? Because emotions are the way in which our brain encode things of value".

What a great tribute to the power of Coke's brand that thirty years after losing a highly publicized taste test, people are still trying to justify why Coke is superior!

Life insurance companies have the opposite problem. Although I have yet to see an fMRI of people reacting to the thought of life insurance, we don't necessarily need to peek inside their brains to

document the negative feelings that people have in response to our products. In fact, in a LIMRA research video summary titled “A Bright Future for Life Insurance”, some of the common words that consumers associated with life insurance were “confusing, stressed, and overwhelming”. To make matter worse, 56% of consumers still didn’t know how much life insurance to buy even *after* a face to face meeting with an advisor (compared to only 49% *before* meeting with an advisor). On the other hand, it has also been widely documented that after actually purchasing life insurance, consumers overwhelmingly feel a sense of relief and peace of mind. In addition, LIMRA’s research clearly confirms that consumers respond much more favorably to an emotional appeal for our products than a strictly logical approach. When life insurance is aligned with the concept of love and protection for one’s family, consumers are not only motivated to act, but also feel better about themselves for having done so.

From a branding perspective, Coke provides a valuable lesson for our industry. If consumers can be inspired to associate a soft drink brand with warm childhood memories, it’s not unrealistic for life insurance companies to aspire to align their brands alongside the satisfaction and peace of mind associated with protecting one’s family. In fact, by designating every September to be Life Insurance Awareness month and promoting real life insurance experiences by celebrity spokesman, the LIFE Foundation provides the perfect opportunity for companies of all sizes to capitalize on this brand awareness opportunity.

Another famous branding study involving Coke occurred back in the 1950’s when much was made of the dangers of subliminal advertising. The genesis for this came about as a result of a “study” conducted by James Vicary who insidiously inserted slides saying “drink Coca-Cola” and “eat popcorn” for 1/3000 of a second every five seconds during the showing of the movie *Picnic* in Fort Lee, NJ. Vicary claimed that the theater experienced an 18.1% increase in Coke sales and a 57.8% increase in popcorn sales as a result of his “subliminal advertising” messages.

Although Vicary ultimately admitted that his experiment was a hoax, consumers were outraged over being potentially manipulated and a rash of regulations banning subliminal ads were passed. To this day, the controversy persists and we continue to hear rumors of hidden pornographic images or threatening messages embedded in a variety of entertainment media.

Curiously, though, in a more modern and effective effort at harnessing the power of the subliminal, consider Coke’s recent sponsorship of *American Idol*. Martin Lindstrom writes in *Buy-ology* about how *American Idol* initially had three primary sponsors – Coca Cola, Cingular (now AT&T) and Ford. Each company paid an estimated \$26M annually to have their brands featured prominently throughout the program. In Coke’s case according to Lindstrom, “the three judges all keep cups of America’s most iconic soft drink in front of them, and both the judges and the contestants sit on chairs or couches with rounded contours specifically designed to look like a bottle of Coca-Cola. Before and after their auditions, contestants enter a room whose walls are painted a chirpy, unmistakable Coca-Cola red. Whether through semi-subtle imagery or traditional advertising spots, Coca-Cola is present approximately 60 percent of the time on *American Idol*”.

Cingular made a similar insertion effort by being the only cell phone carrier to allow free voting via text messaging. Ford, on the other hand, stuck for the most part with traditional advertising.

Lindstrom utilized fMRI technology to evaluate how effectively all of this subtle advertising succeeded in helping viewers remember one company’s logo over another and the results were astonishing. Not only

was Coke's efforts effective in getting viewers to associated their brand with the program, but they also served to crowd out memories of other companies products. For example, "subjects actually remembered *less* about the Ford commercials than they had before they entered the study. In other words, watching the Coke-saturated show actually *suppressed* subjects' memories of the Ford ads".

Of course, strategic product placement during entertainment events is nothing new. In fact, due to the inspiring success of Reese's Pieces in the movie *ET – The Extra-Terrestrial*, Lindstrom reports that in 2007 companies paid a total of \$4.38 billion globally to have their products featured in various TV shows, music videos, and movies – despite the fact that in most cases the strategy was ineffective. Coke's success with American Idol – and Reese's Pieces' success with ET – confirms that there is nothing insidious about subliminal advertising. In fact, in order to be effective, the approach only works if a brand is "emotionally linked to a show in a strong enough manner to be relevant to the show's theme or plot". Our sub-conscious minds may be very adept at picking up on randomly inserted hidden messages, but they are also more than capable of classifying – and discarding -- such messages as blatant attempts at advertising unless there is an underlying purpose.

I guess this is good news for life insurance companies – our industry can look elsewhere to direct our advertising dollars. Unless someone decides to produce a sequel to "Death of a Salesman" or features an insurance option for the participants in one of those extreme reality shows, there will probably be few opportunities for valid insurance product placement positioning in movies or television shows.

Unfortunately, no discussion about Coke's brand would be complete without at least some small mention of the colossal catastrophe of New Coke in 1985. However, the uncharacteristic failure on the part of an otherwise highly successful company also offers incredible insight into the irrational behavior of consumers and the power of brand loyalty. Coca-Cola didn't launch New Coke on a whim. They had spent years doing extensive research and consumer testing and their results overwhelmingly confirmed consumers' preference for the taste of this new and improved version of their flagship beverage. However, when faced with the ultimate option to abandon their long preferred product, consumers ignored their own taste preferences and instead became fiercely and stubbornly loyal to their initial choice. In other words, all of Coke's research and test results were invalidated by the power of their own brand.

This irrationally authoritative emotional link that consumers can forge with their preferred products provides an important lesson for life insurance companies. Although our products are clearly not something that consumers will readily respond to passionately, it's hard to imagine a more emotional and personally impactful product on the planet. Although our insureds may associate life insurance with confusion and stress, our beneficiaries clearly equate peace of mind and relief with our products. If Nike can inspire weekend warriors and couch potatoes to feel good about enduring the pain of exercise, and Southwest Airlines can motivate their customers to rave about the opportunity to be packed like sardines into an uncomfortable aluminum tube, surely the life insurance industry can do a bit better about getting our customers to at least acknowledge the positive contribution that our products make to their lives.

Coca-Cola is one of the most highly regarded, widely studied, and best known brands in the world. I've cited numerous third-party references in this article that attest to the fascination that consumers and market researchers have with the company. The LIC's 100<sup>th</sup> Anniversary Annual Meeting April 28 – 30 in Atlanta provides a rare opportunity to hear about Coke directly from Coke. In addition, Jerry Wilson will be discussing other brands that he has admired and why they are worth studying. And lastly, in keeping

with the LIC's emphasis on practical business solutions, Jerry will discuss how the lessons from the world's greatest brands can be applied to us as individuals. This is an especially important message for senior officers of life companies of all sizes since an effective brand has to begin at the top – and effective leadership requires a cohesive personal brand image that is consistent with the company's own sense of brand and values. In fact, Jerry is so passionate about this concept that he's written an excellent book on the subject: <http://managingbrandyou.com/>

Check out the book and then come to the LIC's Annual Meeting and hear directly from Jerry himself. Don't miss this rare opportunity to learn from one of the most highly regarded and well known icons in the world of business and brands.