The HUMAN Brand

How We Relate to People, Products and Companies

Chris Malone

The reality show Survivor has proven to be one of the most durable ratings franchises for the CBS network since its debut in May 2000.

Its first-season finale attracted 52 million viewers, second only to the Super Bowl that year, and since then it has spawned an entire industry of “last player standing” reality show knock-offs. What accounts for such extreme popularity? Perhaps it’s because Survivor and all its imitators offer us insights into the remarkable skills we all possess to perceive, judge, and form mutually supportive relationships in order to survive.

Social psychologists have determined that primitive humans, in their struggle for existence, developed the ability to judge other people almost instantly along two categories of perception, which are known as warmth and competence. In fact, all humans have a primal, unconscious ability to make these two crucial judgments with a high degree of speed and accuracy: What are the intentions of this person toward me? And how capable are they of carrying out those intentions?

Research conducted in nearly 40 countries around the world has shown that these perceptions account for over 80 percent of our judgments and behaviors toward others. When we perceive people as being both warm and competent, we tend to admire them and feel attracted to them. But when we perceive people to be cold and incompetent, we feel contempt, disgust and a desire to reject and avoid them. Cold competence from others is likely to make us envious and ambivalent, while warmth and incompetence leaves us feeling sympathy, pity and indifference.

Warmth Perceptions		Competence Perceptions	Resulting Emotions	Resulting Behaviors
Warm	+	Competent	Admiration, Pride	Attraction, Loyalty
Cold	+	Competent	Envy, Jealousy	Begrudging Cooperation, Obligatory Association
Warm	+	Incompetent	Sympathy, Pity	Indifference, Neglect
Cold	+	Incompetent	Contempt, Disgust	Rejection, Disassociation

We apply these warmth and competence judgments in all our relationships, including those involving commercial transactions. Companies and brands have the same capacity to stir up these hard-wired primal passions as people do, and we engage with them on the same basis. We experience feelings of affection and admiration for companies and brands that treat us well, and we feel insult or even rage when we believe that one of those companies has given us poor service or cheated us.

So when a cable company or an airline provides you with a terrible customer experience, their cold incompetence naturally arouses in you the primitive, hard-wired reactions of contempt and disgust. Likewise, that love and affection you may feel for your favorite restaurant (or your car or your smartphone) are expressions of your innate human desire to trust and affiliate yourself with those who display both warmth and competence.

I have studied this phenomenon for the past three years with my colleague, Dr. Susan T. Fiske, a Princeton professor of social psychology who is the world's foremost authority on warmth and competence. She and I have evaluated more than 45 companies and brands on the basis of this powerful model of human behavior. Our conclusion is that most of us in the business world are making things much more complicated than they need to be.

Warmth and competence perceptions are the universal foundation for all human behavior and relationships. If you truly grasp the importance of these and if you take the appropriate actions, social science suggests you've done more than 80 percent of the job in winning the trust and loyalty of your fellow human beings.

Unfortunately, our studies show that most companies and brands fall well short of customer expectations on both warmth and competence. They are seen as selfish, greedy, and concerned only with their own immediate gain. The constant pressure for faster and larger profits raises the question of whether most of them can ever meet the standards for trust that we all unconsciously expect from everyone we interact with.

Customers are responding by abandoning many of the largest and most established companies and brands in favor of smaller ones that are more transparent in the way they do business. Thanks to Twitter, Facebook and other social media, customers have near-instantaneous power to pass judgment on the ways companies and brands conduct themselves. They are flocking to companies such as Honest Tea, Panera Bread, and Chobani yogurt, all of whom have earned high marks for warmth and competence by putting the best interests of their customers first in all their dealings. Without the benefit of mass media or marketing, these companies have built large numbers of loyal followers and now pose serious threats to some to some of the biggest brand names around—all because they are mastering the art of warmth and competence.

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The Relationship Renaissance

On August 7, 2012, Theresa Cook was lying in a Nashua, New Hampshire, hospital bed in the final stages of terminal pancreatic cancer. By her side was her 21-year old grandson Brandon, who was hoping to make her remaining days on earth as comfortable as possible.

Pancreatic cancer takes a terrible toll on the digestive system and Theresa had lost her appetite for the hospital's food. Brandon felt helpless because his grandmother needed to eat to keep up her strength. Theresa told Brandon that what she would really enjoy was her favorite food: clam chowder in a bread bowl from the local Panera Bread shop.

It was a Tuesday when Brandon called over to Panera on Amherst Street to place a pick-up order for the soup. That's when he learned that during the summer, Panera only makes clam chowder on Fridays. But Brandon didn't give up. He explained his situation, and expressed his concern that his grandmother might not last until Friday.

Without missing a beat, Suzanne Fortier, the Panera store manager, told Brandon to come right over. She rallied her staff to pull out all the fixings for a special pot of clam chowder. By the time Brandon arrived from the hospital, his soup order had been bagged up, along with a box of cookies for Brandon. There was no charge, Suzanne told him. If his grandmother needed more soup, she said, he should just give a call. A few days later, Brandon did just that.

Theresa Cook finally succumbed to cancer on August 18. The clam chowder from Panera had eased her discomfort and helped sustain her during her final days. Preparing the special batch of soup was a simple gesture by the folks at the Panera store, but for Brandon it was a favor he would never forget.

And it turns out that there are a lot of other people who will never forget Suzanne Fortier's act of kindness toward Brandon and his grandmother. That's because on August 8, Brandon posted an update on Facebook in which he told the story of the special order of clam chowder, and thanked all the people at the Panera Bread on Amherst Street.

Within days, Brandon's story had gone viral, racking up hundreds of thousands of likes and tens of thousands of comments. Over the following year, Brandon's Facebook update was liked 812,000 times and received nearly 35,000 comments—all because of a simple act of kindness toward a dying woman.

What in the world accounts for the obvious chord that this simple gesture struck with people around the world? The simple answer is that such a genuine and heartfelt gesture of warmth is one that holds universal appeal. We are hard-wired to respond to demonstrations of warmth in particular. From an evolutionary standpoint, warmth has had much greater impact on human survival than competence.

We tend to draw all kinds of conclusions about people and companies when we see them behave with selfless warmth. In all those Facebook comments, many went beyond praising the individual store manager for her kindness. They expressed praise for the whole Panera chain.

That's another reason this story made such a stir in social media: This is not the behavior we've come to expect from companies and brands. We expect the managers of chain stores in general to offer apologies about policies rather than show initiative. Suzanne Fortier's act was memorable because it was reminiscent of an earlier, simpler era, when businesses were locally owned and trade was transacted on a more humane, face-to-face basis.

> “*We are hard-wired to respond to demonstrations of warmth.*

There was a time, before the Industrial Revolution, when everyone knew the people who provided them with the necessities of life. There was social accountability in the village or the neighborhood between the local shopkeeper and his customers. Each depended upon the other, and if either of them proved to be less than trustworthy, word got around quickly. Warmth and competence was central to every day economic exchange, as it had been for centuries.

Mass production and mass media put an end to most of that. As manufactured goods proliferated throughout the economy, the age-old relationship between buyers and sellers became weaker and more distant. Companies and brands grew large and aloof. If you were treated badly by them, their leaders couldn't care less about losing your patronage because from their perspective there were millions just like you to sell to. You could complain, but who would listen?

Now, however, the emergence of e-commerce, social networks, and mobile devices is bringing back social accountability, and taking us back to a time in which warmth and competence again reign supreme. Social media has set new standards of behavior when in comes to customer perceptions of warmth and competence. Big companies like Netflix, Bank of America and Verizon have all been thwarted in recent attempts to change or raise their fees due to sudden onslaughts of acrimony on Twitter and Facebook.

This is what the story of Panera and Brandon's grandmother was all about. For the first time in history, the entire world is now wired in a way that's consistent with how evolution has shaped humans to think and interact with one another. The natural balance of power between companies and their customers is restored and social accountability is now instant and global.

Today we are in the midst of a Relationship Renaissance that will strongly resemble commerce before the Industrial Revolution, but one that is supercharged by enabling customers to share both good and bad experiences with millions of people in a matter of hours. Customers are now empowered to express those feelings like they never have before. It's become warmth and competence on steroids!

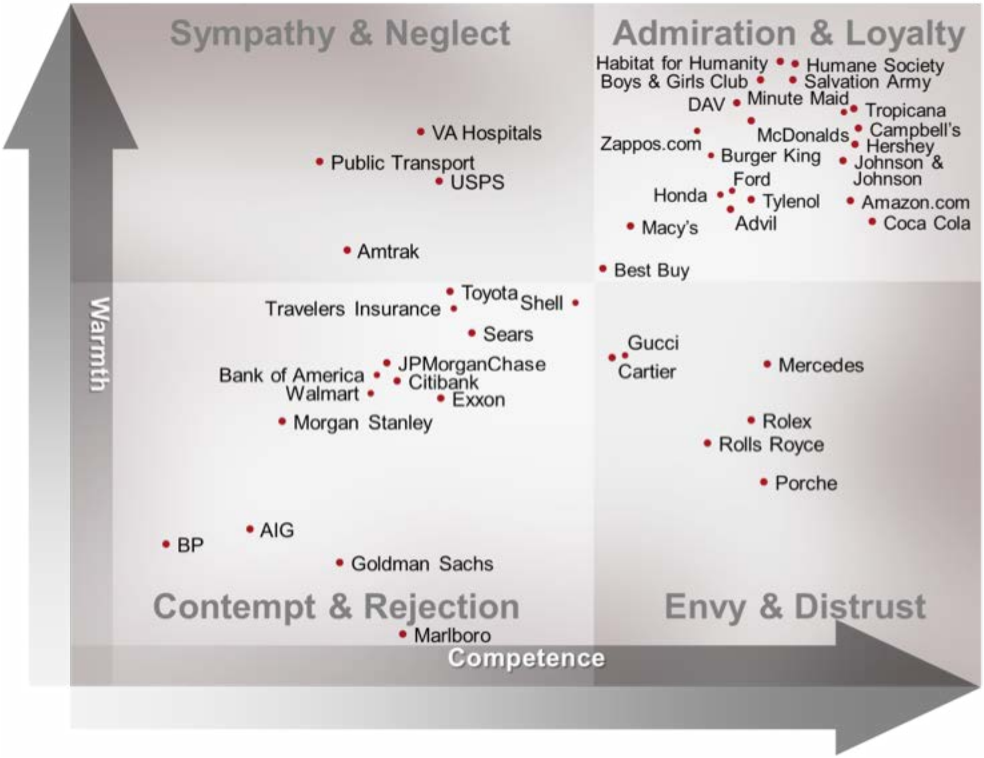
And what this means is that customers will increasingly return to buying products and services based on what they know and believe about the people behind them, more so than on the basis of their features, benefits or even prices.

That's what's going on with the rapid growth of purpose-based companies like Chobani, Honest Tea, Method brand cleaning products and TOMS shoes. Customers are responding to what their purpose-based missions say about them as people.

Missing Half the Picture

When we bundle up all the data we've gathered in the past three years across 47 companies and brands, we can see how the historically most popular brands—Hershey's, Campbell's, and Coca-Cola—are all highly ranked for warmth and competence. People admire them, say they would purchase from them, and express loyalty to them.

Troubled brands, which included BP, AIG, Goldman Sachs, and Marlboro, all rate low on warmth and competence, while luxury brands—Mercedes, Porsche, Rolls Royce, and Rolex—are considered low on warmth and high on competence. Finally, government-subsidized corporations, including the U.S. Postal Service, Amtrak, and public transportation agencies are all considered warm but incompetent.



Some of the facts underlying this map are much more important than the map itself. We found, for instance, that the basic human warmth and competence characteristics of each brand drive and explain nearly half of all customer purchase and loyalty behavior toward these brands. And that's before customers consider things like price, quality, availability, differentiation, competitors or any of the other stuff managers spend their time focusing on.

What's more, nearly every company we studied was perceived to be more competent than warm. Almost all of them are failing to meet customer expectations on matters such as honesty, integrity and acting in their customers' best interests. Perhaps this has something to do with the fact that most companies list maximizing profits and shareholder value as their top priorities. That focus on the bottom line has caused them to miss half the picture—the half that's driven largely by warmth perceptions and results in customer trust and loyalty. Every company's leadership wants loyal repeat customers, but in their critical decision-making, they have usually put shareholders first and customers further down their list of priorities—triggering those primal feelings of contempt and disgust.

Small wonder that customer and employee loyalty is harder to sustain now than ever before. Company policies trample on our innate needs for warmth and competence, and digital connections have made it easier than ever for us to share our judgments and aggrieved feelings about it. Treat your customers and employees badly, and word gets around fast, just like in the old days.

Can companies and their leaders really be this clueless? To a certain extent, we are all somewhat clueless. Despite the remarkable gift we each possess for detecting the intentions and abilities of others in a split second, we are also cursed with an inability to accurately grasp how others perceive us. There lie the plots of some of Shakespeare's greatest tragedies—and of countless business blunders, as well.

The Domino's Effect

The road to lasting customer loyalty and employee engagement begins with greater self-awareness. You've got to be willing to take a candid and unvarnished look at how you and your company are perceived by your customers and employees from a warmth and competence standpoint. You must shine a light on your blind spots and overcome them by testing your perceptions against those of your customers and colleagues.

Here is a textbook example of one company that has managed this journey to warmth and competence while doing very well by its shareholders in the process.

Domino's Pizza was facing stiff competition and negative growth in same-store U.S. sales all through 2006 and 2007. Then, in 2008, with the economy in crisis and consumer spending down, Domino's began some internal soul searching and convened focus groups with customers to determine the roots of its problems.

Company officials were shocked by the depth of contempt and distrust that customers felt toward Domino's. They said the pizza tasted like cardboard and that the people at Domino's obviously didn't care about the quality of the product or the customers they were serving it to. Domino's, in the eyes of its customers, had grown both cold and incompetent.

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This was a painful revelation, and Domino's management recognized that the only way to win back the trust of their customers would be to make dramatic changes in both the quality of their pizza and in the way they conducted business. A new pizza recipe, preferred by wide margins in repeated customer taste tests, was painstakingly developed in 2009. But even more importantly, management vowed to never again become so insulated and out of touch with expectations and perceptions of their customers.

But Domino's still faced an imposing challenge. How could it get people to listen?

How could it overcome the contempt and distrust that so many customers had felt for so long toward the brand? It seemed likely that any claim to a "new and improved" pizza recipe would be met with well-earned skepticism and indifference.

At that point the folks at Domino's were inspired to do something completely natural and human—and completely unthinkable by most business standards. Domino's CEO Patrick Doyle went on national television to apologize for the poor quality of the old pizza and for letting his customers down. Ads showed Doyle speaking with customers from the focus groups, making his contrite apologies along with the humble request that they try the new pizza recipe.

The Domino's Pizza Turnaround campaign was a courageous public demonstration that the people behind the Domino's brand had had a genuine change of heart. Subsequent commercials featured grousing customers, photos of actual delivery pizza disasters and confessions from Domino's chefs about the shortcomings of other menu items. It was all refreshingly honest, candid and self-deprecating, served up in documentary film style, without spin or gloss.

America forgave Domino's and tried the new pizza. During 2010, Domino's experienced the highest same-store sales growth in the history of the fast-food industry. From 2011 through 2013, it led its category in growth, after years of facing either flat sales or negative growth.

Unlike many other companies during the Great Recession, Domino's did not lay off employees and cut service in order to squeeze out some short-term profits for shareholders. Instead, Domino's embraced changes that put its customers first. Those customers have rewarded Domino's with their repeat business, and Domino's shareholders have benefited far more as a result.

Three Imperatives for Action

The Domino's story offers three important lessons for anyone serious about significantly improving customer loyalty and employee engagement. The lessons can be boiled down to three simple but powerful imperatives for action.

First, your company needs to become more self-aware about how its words and actions are perceived from a warmth and competence standpoint. Domino's management knew there was a problem with sales, but they didn't really understand the source of the trouble until they held those painful focus groups. Until you grasp the importance of warmth and competence in the hearts and minds of your customers, you can't assume that you understand your problems, because you have yet to ask the right questions.

Second, it's very likely that your company will need to embrace significant change to better align with the warmth and competence expectations of your customers and employees.

Domino's went far beyond changing its recipe. Perhaps better than anyone else, Domino's radically changed its business practices to conform to the Relationship Renaissance and its demands for honesty and transparency. You need to consider that much of what has passed for decades as standard business practice is fundamentally at odds with what human beings require in order to trust one another. The Relationship Renaissance suggests that the world has changed forever and those old practices won't fly anymore.

Third, your company will need to rebalance its priorities to address the best interests of multiple stakeholders—not just shareholders. Domino's Pizza Turnaround was much more than a marketing stunt. It brought fundamental change to the company, change that was instantly rewarded with increased sales. The cold, hard fact is that maximizing shareholder value is not an aspiration that deserves much engagement from employees or loyalty from customers, especially when it is undertaken at their expense.

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In this age when reputations can be made and broken around the world in a single day, our capacity to express warmth and competence is among our most precious assets. It follows that the most natural and sustainable way to achieve any kind of meaningful success—personal, professional or commercial—is to earn the lasting loyalty of others by keeping their best interests at the center of everything we do.

Doing so doesn't require that we recklessly disregard our own interests. Rather, it recognizes that our success as humans has always depended on the cooperation and loyalty of others. **In that regard, keeping the best interests of others in balance with our own is simply a form of enlightened self-interest.**

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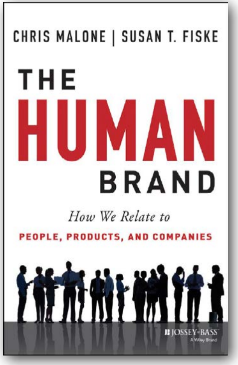

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ABOUT THE AUTHOR | Chris Malone is a consultant and keynote speaker who helps clients achieve sustained business growth and performance. As Founder of Fidelum Partners, he has worked with hundreds of senior executives in organizations ranging from Fortune 500 companies to start-ups and non-profits. Chris has over twenty years of sales, marketing, consulting, and organizational leadership experience, and a track record of driving growth and profitability. He was chief marketing officer at Choice Hotels International and senior vice president of marketing at ARAMARK Corporation, and has held senior marketing and sales positions at leading organizations including the Coca-Cola Company, the National Basketball Association, and Procter & Gamble.

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