

## inside-out

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# Zappos—a service company that just happens to sell shoes



Buying shoes on-line might seem strange to many of us. After all, how will we know if they fit? If they don't won't it be a hassle to send them back? Well 3 million Zappos.com customers will no doubt testify that it's the way to go. Leah Fisher (Director—Branded Customer Service) kicks off our focus on the relationship between marketing and on-brand service, with a look at an extraordinary brand snap—Zappos.com.

## on-brand

Zappos.com is an on-line shoe company with an amazing story. From a start-up in 1999—when the founder, Nick Swinmurn couldn't track down a pair of shoes he wanted—Zappos.com has enjoyed massive growth, with projected sales of US\$600 million for 2006. That's a lot of shoes! But then, US shoe retailing is a US\$40 billion market.

But for Zappos.com, it's not just about shoes. Their goal is to be the on-line service leader. As they say very clearly: "we are a service company that happens to sell shoes" (and now handbags!).

This is a classic success story of a brand that has achieved extraordinary success through effective PR, building consumer trust, and deepening customer loyalty. Sure, they do a little advertising, but fundamentally it is repeat business and referrals that drives the growth. Their reputation is their brand.



**ZAPPOS.COM AWARDS FOR 2005:**  
 Fast Company Employee Innovator Runner-up,  
 Top 50 Performance Internet retailer,  
 on-line retailer of the year,  
 BizRate.com Circle of Excellence award (for the 3rd time).

The Zappos.com team (every one of them), are passionate about service and creating great customer experiences.

For example, they aim to deliver the shoes as quickly as possible. BCS's women's shoes aficionados were keen to test this out! Sure enough, the 'promise' of 5 days delivery was exceeded by 3 days. But not before we'd received an email to say the shoes would be arriving early—how cool!

Do check them out at [www.zappos.com](http://www.zappos.com), even if you live outside the US. One of the first things you notice is that they anticipate the various reservations people can have about purchasing on-line (especially shoes).

### HERE'S WHAT ZAPPOS OFFER:

- Free shipping, free return shipping, 365 day return policy, and a 24/7 contact service center.
- A toll-free customer service number (displayed on every page of the website). They provide heaps of advice on sizing for all the different shoe styles.
- An incredible range including many discontinued lines. In total, 600 brands with around 90,000 different styles. They even have a vegetarian section (that's the one with the picture of the cow saying "thank you").

Zappos.com customer satisfaction ratings are extraordinary and as customers, you know they are committed to you. Contact center staff will happily spend as much time with you until you are totally satisfied, despite the extra cost.

Zappos.com staff are encouraged to actively recruit others who fit the brand. When they come across other service champions they hand them a special card that invites them to apply to join Zappos.com. When new staff start as 'customer loyalty representatives', they receive four weeks training induction. Team leaders then closely support them to ensure they're caring for the customers in the Zappos.com way.

The culture within Zappos.com is truly unique and passionately forged. Staff LOVE it there. One team leader who had moved to Las Vegas as a musician said that "I never want to work anywhere else in my life—I love it here". Zappos.com people have true identity with the brand. Walking through the service center you can feel the enthusiasm and passion. Their culture book—made up of staff members own unedited opinions of the Zappos.com culture—is a read that any other company would envy.



LINKING INSIGHTS TO ACTIONS

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# SKILLS

## HARD AND FAST

LINKING INSIGHTS TO ACTIONS

We got to know Zappos.com in 2005, when they participated in the first simulator camp as a case study company. They were an inspiration then, and nothing has changed—despite the challenges of such rapid growth. Good on you Zappos.com, may your success continue.

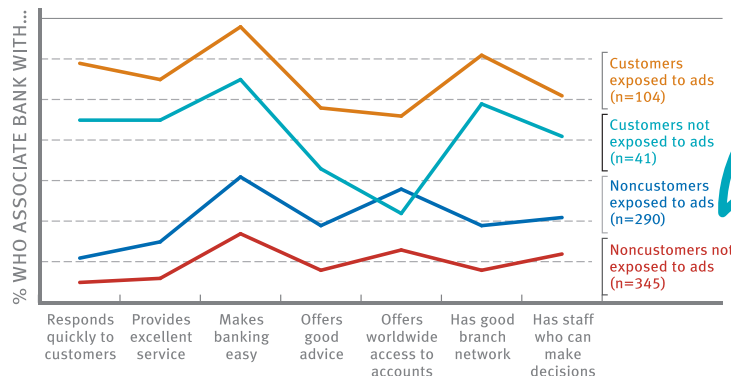
### What we can learn from the Zappos Service Culture

- 1 Understanding your service proposition** and ensuring that priority is given to those things that support it will enable organizations to consistently deliver their brand promise. Zappos.com understands that to delight customers, they need to remain true to clear principles of service excellence. They believe that if they continue to focus on providing exceptional service and the absolute best on-line shopping experience then they'll continue to prosper. Such focus means that staff understand what to put priority on when dealing with customers.
- 2 Get your service experience right first** before spending too much money on advertising. Advertising works, but to truly maximize the return on investment, aligning advertising that sets clear expectations and then consistently delivering the promised experience does result in the most positive brand association. Zappos has only recently begun to advertise, and it's all low-key.
- 3 Care for your staff as you would have them care for your customers.** Zappos.com gives their staff in-depth training, induction, and ongoing support. Their internal service and leadership is truly on-brand. In turn, this gives staff the knowledge, ability, and confidence to deliver a great service experience each time they interact with a customer.

Go Zappos!

## Understanding customer expectations that are formed from advertising the brand and its related products and services

Many organizations spend millions on advertising to position their brands and entice customers to come in and try new products and services, while not putting any budget or effort into engaging their staff to represent the brand.



This graph looks at what has the greatest impact—advertising or service delivery. Based on actual research conducted by a New Zealand bank, the Bank identified four separate groups to see how these groups associated the Bank with the seven items listed along the bottom of the graph.

While everything that marketers do to reinforce the brand, its position, and promises is important, when customers have an interaction with staff the intensity of the interaction is more profoundly felt.

Here's how you can gather information to ensure that customer expectations formed through brand advertising are met.

1. **Collect samples** of television, print, and radio advertising for your organization.

2. **Invite a team of people to conduct this exercise**, so a variety of responses are available for consideration.
3. **Ask this team** to pretend they are outsiders being introduced to the company for the first time. What are these advertising samples telling you to expect from the organization if you were a customer?
4. **Ask several people to be mystery shoppers of your organization.** For example, they could call your organization's telephone numbers, visit stores, or

customer contact centers, send email questions to the information desk, or order something on-line from your website.

5. **Check off the items in the expectations list** to see how close the organization is to delivering the brand promises promoted in the advertising.

When we deliver what we promise, then the biggest impact is realized from our advertising dollars.

If you would like more Toolbox exercises to help you become an on-brand organization, join the on-line Resource Center. [www.brandedservice.com](http://www.brandedservice.com)

# Striving for the Ideal: Iconic Brands

We have long believed that brands enable humans to strive for the very best. After all, brands are always stated in the most positive manner possible. No brand even gets close to suggesting that it's best feature is that you will feel bad when you engage with the brand.

Just recently, Janelle Barlow was asked a set of strong, cutting-edge questions by a Russian Journalist, who acknowledged her own lack of knowledge about branding. After reading *Branded Customer Service*, the journalist observed that since customer service is now being branded, that service must be positioned within a 'branded' corporate culture. She astutely noted that branded fast moving consumer goods (fmcg) don't have to worry quite as much about organizational culture.

**HER QUESTIONS WERE:**

- Does all this mean that brands themselves play a major part in the cultural development of the West?
- Do brands, in fact, govern the modern world?

We really like these questions and are inclined to answer yes to both. And we don't think it's a bad thing either. We don't approve of switch and bait or over exaggerated advertising and marketing campaigns. An advertising campaign, however, is not the brand itself.

Brands are almost always stated in ideal terms. Individuals use these brand positions to build their own identities. Some might argue that people should find some other way of creating their identities than through commercially created brands.

Two things might be said about that. First, most people resonate with brands at a dominantly unconscious level.

So, if they are forming their identities based on brands, they certainly aren't making a conscious choice about it, just as most humans don't make conscious choices about any aspect of their identity. Identities just are.

Second, brands can actually create strong ideal positions within a national culture. Douglas Holt, Harvard Business School Professor, writes about identity brands. These are brands, as he defines them, whose market power is not based on business models, clever advertising, design, or technology.

Identity brands, in Professor Holt's analysis address questions about ideals. They answer such questions as how one lives a good life, how one is successful, especially when the individual's own answer to these questions come in conflict with existing societal standards.

Individuals frequently come in conflict with societal standards when popular culture shifts, such as it did in the 1960s. An identity brand can resolve these tensions for the individual by giving them an ideal with which they can strongly identify. It's probably why there are still so many strong brands that were formed during the strong cultural changes in the sixties.

Holt writes in his book, *How Brands Become Icons*, "The tensions that are produced between the nation's ideals and the life one can actually experience produces



a utopian desire, the desire for an affirmative identity that responds to what society demands."

Most people don't need to understand brands at such a complex level. It is, however, very important to understand that brands aren't going to go away. Not when they play such critical roles in helping us live in a culture that seems to change with every generation. For organizations attempting to build iconic brands, such as Coca-Cola, Volkswagen, Harley-Davidson, Budweiser, ESPN, Mountain Dew, and Snapple, they must approach their brand building by considering much more than business strategy.

An iconic brand gets inside our very bodies, makes our hearts flutter, grabs our emotions, and evokes strong feelings in us. Regular boardroom thinking isn't going to take a brand there! So, we have to let our emotions run free while considering brands. Pay attention when goose bumps form. You may be getting close!

# who said what

Organizations spend millions to tell the world how they would like consumers to think about their offerings, and then a human being with a few simple words shatters the illusion.

David Burrows of *The Design Agency* in England, says that “40 percent of marketing investment is wasted, as ill-informed or demotivated behavior by staff unwittingly undermines the promotional promise. The result is that 68 percent of those who do buy go away because of how they were treated.”

In the rush to develop a strong brand, we pay inadequate attention to the interaction service providers directly have with customers. As brand experts Bob Tyrell and Tim Westall say:

Branding customer service requires something much more complex than the bolt-on activities currently parading as ‘relationship’ building. It implies developing a recognizable style and personality, and that has important implications for brand marketing.

Visit [www.brandedservice.com/default.aspx?pageid=450](http://www.brandedservice.com/default.aspx?pageid=450) to read more from Business Leaders in the area of Marketing

## IMPRESSION OF OUR BRAND

“Your breakthroughs won’t come from marketing alone. They’ll come from all you say and do to create a superior experience for product users. Your marketing may be promising just that. But it’s everything else that must deliver it—from product design and positioning to delivery and service. Do they work together to produce that killer experience?”

—Chadwick Communications

# know how CAN DO

## ARE YOU LOOKING FOR WAYS TO INCREASE YOUR COMPETITIVE ADVANTAGE?

“The future of branding is here now, and it requires a complete reassessment of your communication. Take off your CEO or marketing VP hat and truly experience your brand from a consumer’s point of view. Without strong branded customer service your marketing budget might as well be flushed. This new level of brand building can become a long-term competitive advantage for your company.”

—Jim Wagner, Senior Vice President, Mattel

## TOP-SELLING INTERNATIONAL BOOK

Highly commended semi-finalist in the Independent Publishers (IPPY) book awards for 2005.



Do you want to move your customer service to a new level?

*Branded Customer Service—the New Competitive Edge* is a comprehensive, practical guide. It offers strategies, exercises, and real-world examples of customer service in action. Janelle Barlow and Paul Stewart show how to link the dynamics of customer service with the psychology of brand to show how organizations can turn their service delivery into a powerful tool for establishing and maintaining distinct brand identity.

View or purchase *Branded Customer Service—the New Competitive Edge* on-line at [www.brandedservice.com](http://www.brandedservice.com), or contact us at [info@brandedservice.com](mailto:info@brandedservice.com)

## ON-BRAND SIMULATOR CAMP: BECOME A CERTIFIED CONSULTANT

Las Vegas, Nevada, USA: 15-20th May 2006  
Auckland, New Zealand: 25-30th September 2006

- Develop indepth knowledge in applying the Branded Customer Service tools and approaches.
- Apply concepts to dynamic case-study companies in real time.
- Work with experienced consultants and managers.

“The On-Brand Simulator Camp is rich with content, a truly extraordinary experience.”  
*Elcee Asuncion Villa, Managing Director Management Strategies (Malaysia)*



## WHO SHOULD ATTEND?

The certification process is designed for Marketing, Human Resources, Customer Services, and Business Strategy specialists who are experienced (or looking to play a strategic role) in leading organizations to align their culture and customer service with their brands.

Sign up now—some places still available, but registration is strictly limited.

For more information and a complete outline go to <http://www.brandedservice.com/Default.aspx?PageID=516> or contact us at [info@brandedservice.com](mailto:info@brandedservice.com)