

MANAGEMENT SUMMARY

German companies are too egocentric in their brand positioning. They usually talk about their own product and often fail to address the general public with the purpose behind their company. This is the key finding of the new Purpose Study by the management consultancy Globeone.

The study (German brand study) analyzes the official brand claims of 238 leading companies in Germany, Switzerland, the USA, China and Brazil. The claims serve as an important indicator of whether and how companies communicate their purpose. The key question here is why a company exists at all and what benefits it can bring to the general public.

73 percent of the assessed German brands have an official brand claim. Almost half of all communicated claims (43 percent) are egocentric and focus only on the company or its products. About one third of the companies (36 percent) address the individual customer, but not a larger societal group. A very noteworthy finding from this study is that, while 58 percent of the evaluated German firms communicate the benefits of their products in an emotional way, only every fifth company (18 percent) explains them for the larger society on the basis of a true purpose.

This is a surprising shortfall. Experts like the Nobel Prize winner Daniel Kahnemann have long since proven that purchase decisions are usually made on an emotional basis and are justified rationally only after the purchase. A clearly defined true purpose plays a decisive role here because it explains the "why" behind a brand and thus creates the emotional context. In this respect, Dr. Niklas Schaffmeister, Managing Partner of Globeone, believes that many German companies still have considerable scope for improvement – brands are always embedded into a society to which they need to explain their relevance: "Audi's behavior in the diesel scandal," Schaffmeister comments, "has recently shown once again how quickly ignoring this social context can take revenge on the own company. For years Audi has positioned itself with the claim 'Vorsprung durch Technik' which is a good example of a positioning that is mainly about the product and the company itself. With this claim Audi obviously had by no means the progress for society in mind."

The purpose topic is relevant far beyond the brand and communication departments: "With his plea for a basic income, Joe Kaeser is just one of many recent examples of a new CEO activism that is also increasingly spreading in the European boardrooms. And perhaps not entirely without a hint, considering, for example, that numerous jobs could fall victim to digitization in the coming years. For the credibility of such statements, however, a strong purpose is absolutely essential," says Schaffmeister.

In international comparison, however, at 11% even fewer companies than in Germany use a true purpose in their official brand claims. Even more than half (55%) of companies still focus on the rational use of the product or service instead of the emotional appeal. Half (50%) address themselves; only slightly more than one third (37%) have already focused on the customer, without, however, creating a socially relevant context. As a rule, it is companies from emerging countries such as Brazil or China that focus more on themselves and are positioned less on the emotional level of fascination. The majority of companies from Western markets are already pursuing an emotional, albeit often still egocentric approach in their positioning.

"Over the past few years, there has been a silent revolution in marketing," said Simon Aschermann, Consultant at Globeone, about the results of the study. "A few years ago, marketers focused solely on the product. Now there is a trend to communicate the product benefits towards the broader society. Companies can thus better address relevant target groups, such as the Millennials, who are particularly concerned about personal fulfillment in both their professional and private lives," Aschermann concluded.

The model developed by Globeone helps companies to better understand their own positioning and to optimize it by also taking into account the international environment. However, the use of a strong purpose goes far beyond the development of a brand claim – it must be lived by the entire organization, because otherwise the credibility of such a positioning is not given. Ideally, a company communicates its purpose through an authentic corporate story that illustrates why the company exists, thereby building a strong emotional bond with its stakeholders.