Internal Branding and Experiential Marketing

A GLOBAL SURVEY OF EMPLOYEE RESPONSE

Many companies say: "customers come first." Increasingly, many add the caveat: "after employees."

In order to inspire customers, organizations first have to inspire their employees—to understand and believe in the products and brands they represent, to improve performance and ultimately to be more effective advocates with customers. Inspiring employees has clear business benefits. Organizations with highly favorable employee attitudes have significantly better financial performance; leading companies increased stock appreciation after instituting employee measures; and a major retailer found that an increase in employee training yielded an increase in customer satisfaction and revenue.[1]

But employee engagement is, in the words of an *Advertising Age* editorial, "still the most underutilized of marketing tools"—perhaps because marketers lack insights into what types of communications employees prefer and which will inspire better performance.

To address this question, Jack Morton Worldwide conducted a study to gauge the impact of various employee engagement media. The survey comprised respondents across the US, UK, Australia and China.[2]

EMPLOYEES WANT TO BE ENGAGED

Globally, only 33% of employees are satisfied with the quality and quantity of current communications from their employer. Satisfaction levels are even lower in China, where just 15% of respondents say they are satisfied with current communications. Across geographies, 36% of respondents say they wish employer communications were more engaging and interactive; 31% say they would like more frequent communications.

Clearly, there is a significant need for employers to improve how they engage employees. For the largest portion of employees, the desire is for communications that provide higher levels of interactivity and engagement. This is especially true of younger members of the workforce. Globally, 44% of 18-23-year-olds think their companies communicate enough, but wish communications were more engaging and interactive. In the US and UK, lifestyle relevance is also an increasingly important factor.

EMPLOYEES WANT TO IMPROVE PERFORMANCE

Employees say they want insights that they can put into action on the job. 82% agree that communications should explain the company's vision and 87% want to be shown how they fit into the company's vision. Yet the highest percentage—more than 9 in 10—want to gain insights they can apply to be more effective. Australia boasts the highest proportion of employees wishing to improve performance (95%), followed by the US (92%), China (91%) and the UK (88%).

KEY FINDINGS

Employees want to be engaged. Only 33% of employees are satisfied with how their companies engage them

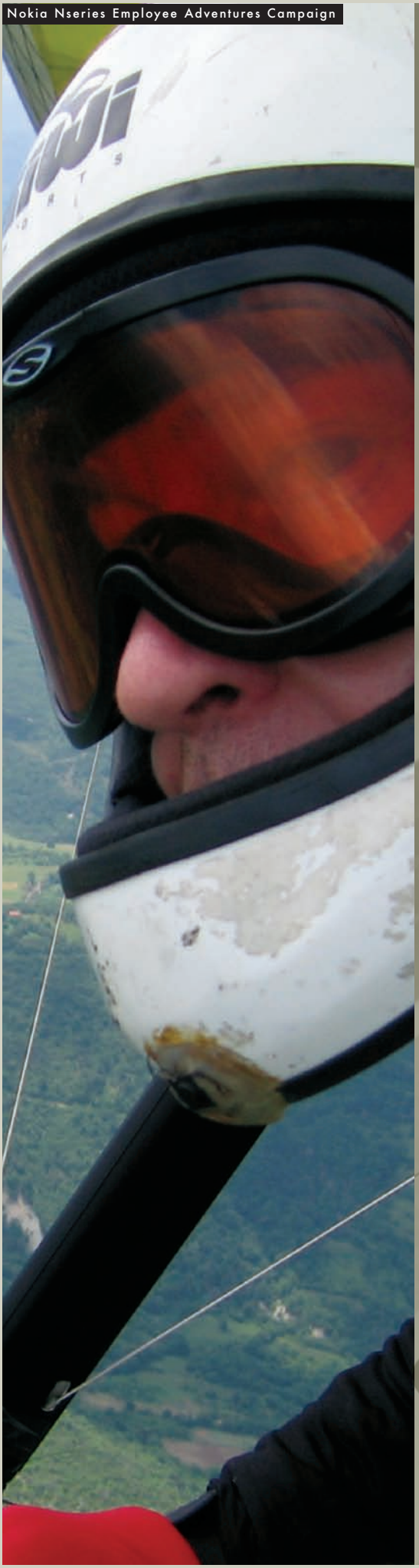
Employees want to improve performance. 92% want insights they can put to use to improve job performance

Employees want live experiences. Employees prefer live experiences such as meetings and events second only to contact with an immediate manager; 86% agree they are more engaging than other forms of communication

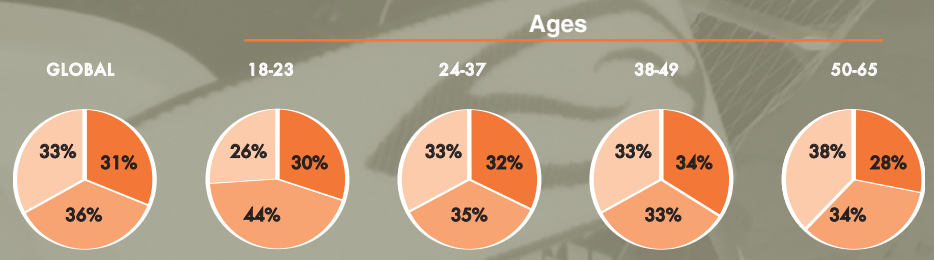
Employees want events to be experiential. 83% want to be engaged on a personal level; 76% want to be related to through personal interests/concerns

Live experiences lead to action. 84% believe they are more likely to influence behavior/performance

Live experiences drive WOM. 86% agree that live experiences will make them more likely to talk positively about the company they work for with others



Only 33% of employees are satisfied with current communications



- I would like more frequent communications from my company
- My company communicates enough, but I wish its communications were more engaging and interactive
- I am satisfied with the current quantity and quality of communications from my company

Employee perceptions of live experiences

As an employee, participating in a live experience:

Would give me more information than other forms of communication **84%** agree

Is more engaging than other forms of communication **86%** agree

Would be more likely to cause me to talk to others about the company I work for **86%** agree

Would be more likely to influence my behavior/performance **84%** agree

Experiential marketing influences employee behavior

Influences:

What medium is most likely to influence employee behavior?	TOTAL %	US %	UK %	AUSTRALIA %	CHINA %
Hearing from your immediate manager	27 (1)	30 (1)	31 (1)	32 (1)	15 (3)
Live experience (event, meeting)	18 (2)	16 (2)	18 (2)	19 (2)	20 (1)
Hearing from a work peer	16 (3)	15 (3)	13	15	19 (2)
Hearing from your company's CEO or top leader	15	13	14 (3)	16 (3)	15 (3)
Mail	9	8	8	4	15 (3)
Internet	6	8	4	6	6
Radio	4	4	6	4	2
Television	3	2	2	3	5
Magazines, newspapers	2	1	3	1	2

LIVE EXPERIENCES ARE AN EFFECTIVE TOOL FOR ENGAGING EMPLOYEES

When asked what forms of employer communication would most impact their behavior, employees globally cite direct contact with an immediate supervisor first (27%), with live experiences (such as an event or meeting) ranking next in influence (18%). Regional variances exist. In China, live experiences are cited as the number one influencer, followed by interaction with a work peer; in the other geographies surveyed, live experiences follow interaction with an immediate supervisor in level of influence.

The value and impact of employee experiences on employee behavior are notable. Marketers can leverage the potential to create communications in which individual interaction with a manager is integrated with relevant live experiences to elevate impact. Another potential path of integration is in coordinating live experiences and communications from leadership (which ranks fourth in influence on employee behavior globally), since hearing from a CEO or top leader may often occur through the medium of an employee event or meeting.

Employee perceptions of live experiences are extremely positive:

- 84% agree live experiences provide more information than other forms of communication
- 86% agree they are more engaging
- 84% believe they would be more likely to influence behavior and performance

There is also strong preference for live events to be more relevant and "experiential": 83% of employees surveyed want to be engaged on a personal level and 76% want to be related to through their interests and concerns.

Live experiences rank higher among female employees: 44% of women strongly agree that participating in live experiences is most engaging compared to other communications media tested, versus 37% of men; 24% of women believe live experiences will teach them information they will tell others about, versus 16% of men; and 21% say live experiences are the best way to teach information they will act on, versus 13% of men.

Different messages require different communications strategies. For example,

- direct communication from a top leader is most effective when it comes to explaining the company's vision
- direct communication from a manager in tandem with live experiences is the most effective vehicle for providing insights to improve effectiveness

LIVE EXPERIENCES CREATE BRAND ADVOCATES

Live experiences wield the power to inspire brand advocacy. 86% of employees say participating in a live experience would make them more likely to talk positively about the company they work for with others outside the organization.

Employee word of mouth impacts other employees. When asked the best way to get information on the company, employees in China chose peers as their preferred resource (19%). 18-23-year-olds in the US look to work peers (29%), second only to immediate managers (46%), for communications that will most affect behavior. Brands can increase the value of internal branding by ensuring that engagements are memorable—and 83% of employees globally agree that events are most engaging.

Generating word of mouth among employees—arguably among the most motivated and persuasive advocates for brands both inside and outside the companies they work for—is extremely valuable. A recent study shows that UK companies with high levels of word of mouth advocacy grew faster than their competitors; others track performance using the concept of "net promoters"—people who say they will recommend a company to a friend or colleague.[3] Employees can—and should—be inspired to be brand advocates and promoters.

REGIONAL DIFFERENCES

- **Australia:** Australian employees express a strong desire to improve performance. 98% of 24-37-year-olds stated it was extremely/very important to them to gain insights to improve performance—the highest in any region. 87% of male employees and 77% of female employees in Australia say that live experiences are more likely to influence behavior.
- **China:** In Shanghai, only 9% of employees are currently satisfied with current communications, versus Hong Kong (20%) and Beijing (15%). Across China, live experiences are cited as the #1 most influential employee medium. Beijing employees feel most strongly about events: 95% believe participating in an event will give them more information, versus Hong Kong (86%) and Shanghai (88%).

SNAPSHOTS BY REGION

> **Australia:** Australian employees express desire to improve performance in the largest numbers.

> **China:** Live experiences take the #1 position over all media tested.

> **UK:** Young UK workers prefer greater lifestyle relevance in communications.

> **US:** American employees are among the strongest advocates of live experiences as a preferred form of employee communication.

MasterCard Worldwide Brand Launch[4]

- **UK:** Young UK workers prefer greater lifestyle relevance in communications. 81% of 18-23-year-olds believe it's extremely/very important that communications consider their interests and concerns, versus 68% of 24-37-year-olds, 57% of 38-49-year-olds and 54% of 50-65-year-olds. 94% of UK women believe it's important to gain insights to be more effective on the job (versus 83% of men) and 90% believe it's important to be engaged on a personal level (versus 76% of men).
- **US:** American employees are among the strongest advocates of live experiences as a preferred form of employee communication. As in the UK, younger American employees crave relevance in employee communications; 98% of 18-23-year-olds believe it's important to be engaged on a personal level, versus 87% of 24-37-year-olds, 83% of 38-49-year-olds and 83% of 50-65-year-olds.

CONCLUSIONS

Employees want greater contact that will improve their own performance—and that of their company. Marketers must work closely with HR, leadership and skilled strategists in experience design to build carefully integrated programs that leverage a variety of channels.

The rationale for and business benefits of internal branding are clear. What marketers must determine—based on each brand, each constituency and each communication challenge—is how to best integrate engagement strategies to optimize impact on employees, the organization and ultimately, customers.

JACK MORTON

A global experiential marketing agency founded in 1939, Jack Morton helps the world's leading companies increase sales, build brands and improve performance, integrating live events, branded environments and interactive media. Jack Morton has a staff of 600 employees throughout the United States, Europe and Asia-Pacific, and is part of the Interpublic Group of Companies, Inc. (NYSE: IPG).

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NOTES

1 2004/2005 Watson Wyatt WorkUSA® study; Hay Group, cited in *Advertising Age* (1 Sept 2003); "The Employee-Customer-Profit Chain at Sears," *Harvard Business Review*, 1997.
2 The online survey was conducted by Sponsorship Research International (SRi) between May 1-7, 2006. It comprised 1,625 individuals in the US, UK, Australia and China (Beijing, Shanghai, Hong Kong).
3 "Advocacy Drives Growth," London School of Economics; Fred Reichheld, *The Ultimate Question: Driving Good Profits and True Growth*.
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