

# INSIGHTS

A Glimpse of Our Strategic Digital Thinking

# Hope Matters

The CEO — CMO  
Disconnect

A Safe and Meaningful  
Digital Life

Purpose is Not CSR.  
It's just good business



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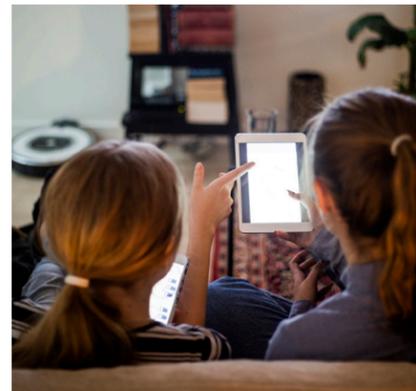
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LETTER FROM THE CEO

# Why Hope Matters Now, More Than Ever

**A**s 2021 begins, it is easy to become philosophical. We learned that business could pivot rapidly in a crisis — from restructuring production, logistics or supply chains in a mere matter of days. This year, no one took technology for granted, particularly when tech delivered while governments around the world struggled to understand a novel virus. If the pharma industry were able to produce COVID-19 vaccines in less than a year, then we all should be inspired to understand just how much we can achieve as human beings.

This yearend brings to mind the Greek myth of Pandora and her magical box. As most of us will recall from our early schooldays, Zeus gave Pandora a wedding gift of a beautiful container — with just one especially important condition: she was forbidden to open the box. But Pandora was curious, and she ultimately did lift the lid to peek inside. Out poured disease, poverty, misery, sadness, death, and all the evils of the world. Pandora slammed the lid shut, but it was too late. All of the contents had escaped — except for one small, but important, item at the bottom — HOPE.

I believe that HOPE is the theme for 2021 — a year that will start with continued turbulence and challenges, but one that has a silver lining with a vaccine which will bring about greater predictability and new breakthroughs. Hope is also essential to our business and to brands; it creates a stronger Share of Life™. Who wouldn't want to share your life with brand that didn't authentically provide hope, especially now? Even the

UN Sustainability Goals must ladder up to something greater than their individual missions. They must provide hope for a more just and better planet for future generations, or why commit to them?

James McQuivey of Forrest has some interesting thoughts about hope: "We need to affiliate with people, objects, movements, and groups that we have reason to believe intend to do well by us. If we can't find that, we despair. When we do find it, we experience hope."

A hallmark of 2020 was how the world worked remotely. Many wondered whether a company or brand's sense of purpose would erode in a work-from-home world without physical collaboration among employees. We learned that a sense of purpose supersedes physical location. I find this to be one of the core pillars of HOPE in the business world.

Experience has taught us to be ready for anything in 2021. Adapting is more than Darwinism; it highlights the value of innovation and a belief in the potential of the world ahead. As the various vaccines make their way around the globe, we can all look forward with hope that much suffering will end in 2021 and we can get on with the business of building a thriving world for all. 



**Sebastian Jespersen,**  
CEO and Founder of Vertic

# The CEO — CMO Disconnect

**I**n the coming weeks, we'll see two extraordinary events that galvanize both business thinking and popular culture.

The first is the 51st World Economic Forum, which will run as a virtual "Davos Week" from January 25-29 to launch the WEF's Great Reset Initiative and begin the preparation of a Special Meeting this May in Singapore. The goal is to engage the world's leaders to form a new global agenda by rebuilding trust and shaping the principles, policies and partnerships needed for 2021.

The second is Super Bowl LV on February 7, 2021 at Tampa's Raymond James Stadium—a new location given a move from Los Angeles where tight COVID restrictions are in place. Right now, "socially distant" fans will be in the Tampa stands in a completely cashless stadium and parking facility. Nonetheless, CBS's 2021 ad spots are currently selling for \$5.5 million per 30 seconds, which is slightly lower than last year's rate of \$5.6 million per 30 seconds, but still high by most standards.

So, what's the connection? 



150 countries that host Global Shapers, a network of young people driving dialogue, action, and change.

With or without fans, the Super Bowl will also engage some of the world's best-known companies as advertisers. However, if past commercials will continue to be the standard for this year's spots, we're anticipating that most will reflect the fun associated with a big sport gathering, while

attempting to be among the wackiest, zaniest, or most memorable before a sweeping television audience.

That is not to say that some commercials, particularly in the Age of COVID, will not be moving, empathic, poignant, or celebrate essential workers. But, again, if past is prologue, we're predicting that most Super Bowl ads will likely underscore the disconnect between a CEO's commitment to business, society, and the planet versus a CMO's message to a massive audience.

In several of those brief advertising minutes, wouldn't it make sense to espouse some of the higher values of corporations— given that their CEOs one week earlier committed to the Great Reset for business through world-changing initiatives amid a global pandemic?

CMOs today say they want a meaningful seat at the C-Suite table. It is also clear that their role is increasingly to be the catalyst for ensuring that an organization's purposeful message is authentic and is embraced by all stakeholders—within the corporation and throughout the world.

This year's January Davos Forum will focus on the five domains of the Great Reset Initiative:

1. Designing cohesive, sustainable, and resilient economic systems.
2. Driving responsible industry transformation and growth.
3. Enhancing stewardship of our global commons (the High Seas, the Deep-Sea Bed, the Atmosphere, Antarctica and Outer Space).
4. Harnessing the technologies of the Fourth Industrial Revolution (or the ongoing automation of traditional manufacturing and industrial practices, using modern smart technology).
5. Advancing global and regional cooperation.

The Davos Agenda will feature participation from heads of state and government, chief executive officers from some of the world's best-known companies, civil society leaders, global media and youth leaders from Africa, Asia, Europe, the Middle East, Latin America, and North America. It will also engage over 430 cities in

## Consumers prefer brands with a shared purpose

According to Accenture Strategy's annual Global Consumer Pulse Research which surveyed 30,000 consumers from around the world to gauge their expectations of brands and companies: "Companies that stand for something bigger than what they sell, communicate their purpose and demonstrate commitment, are more likely to attract consumers and influence purchasing decisions which improves competitiveness." This underscores the very essence of why purpose is important: purpose speaks to the heart. It also leads to achieving Share of Life™ when brands ask: "How can we serve this customer in the

**“The public expectations of your company have never been greater... Every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Without a sense of purpose, no company, either public or private, can achieve its full potential.”**

— Larry Fink, Chairman and CEO of BlackRock, Inc.

best possible way, so we can continue deepening our connection—together?"

Brands can become an indispensable part of their customers' daily lives, without being intrusive, but only if they take the time to cultivate the intimacy and respect of a long-term relationship. You wouldn't try to sell something to a close friend or family member every time you talked, and you shouldn't treat customers this way either.

The study also asks: Who Does Your Brand Belong To? The answer reflects the growing belief in the value of stakeholder capitalism: "Until recently, this question would have evoked puzzled looks. For generations, there was only one answer: A brand belonged to the company that invested in shaping, growing, and monetizing it. Today, the question is no longer rhetorical. Brands are community property. Shareholders own a stake, as they always have, but so do employees who bring the brand to life. And then there are the customers who sustain it through their purchases and shape it with their demands. Together, these players continually improve the brand experience and, knowingly or not, refine what the brand stands for. In effect, they form a brand ecosystem."

At Vertic, we believe that money spent on creativity that fails to connect in the right way with the right audience should be labeled "nonvertising." Why waste millions of dollars on "nonvertising" when a strategy to meaningfully entangle a brand and its customers has been proven to result in a profitable return on investment?

It seems that a closer look at the connections between two pivotal events just one week apart could be better considered to make a more unified corporate difference through meaningful communications at this Super Bowl in particular, as well as those to come. ❖



# Why Creating a Safe and Meaningful Digital Life Is a Global Issue

The United Nations commemorated its 75th anniversary in a virtual summit in September 2020, amid what it labeled “a time of great disruption for the world.” World leaders debated pressing issues and reinforced their commitment to the UN’s 17 Sustainable Development Goals (SDGs), designed to address global challenges including health, poverty,

climate change, inequality, peace and justice by 2030. Volkan Bozkir, President of the UN General Assembly, called for solidarity among members, particularly in the context of the pandemic: “No other platform in the international calendar has this convening power. No other Organization can bring so many global leaders together. No other body has the potential to address

global challenges, like this United Nations.”

The SDGs represent the most urgent problems facing our planet, and they require collective action on a global scale. However, there is a critical element missing from the UN’s agenda: not one of the Sustainable Development Goals addresses our digital lives.

The first step is acknowledging that we spend a lot of our time online.

Of the world’s population of 7.81 billion people, 4.66 billion are internet users (nearly 60%) and 4.14 billion use social media each month (a number that has increased by more than 12% in the past 12 months). The typical user spends around 15% of their waking hours on social platforms.

We are entangled with the companies that allow us to work, play, learn, shop and communicate virtually. What would we do if we could no longer collaborate with coworkers on Microsoft, Slack or Zoom, or chat with loved ones on Facebook or FaceTime, or get necessary information and products on Google or Amazon? How would we fill our many hours at home without Netflix, YouTube, and other streaming entertainment platforms? It’s hard to differentiate between our digital lives and our “real” lives because they are one and the same.

The recent documentary, *The Social Dilemma*, sounds the alarm about the dangers of this entanglement. It brings up valid questions about how companies are manipulating and monetizing our personal data and what we should do to stop abuses. But the fact remains that these technology companies are important in our lives, and they are not going away any time soon. Returning to a pre-Internet past is not an option; wishing to disentangle ourselves from tech companies is about as useful as wanting to live in a time before cars or electricity. We can wring our hands and worry about their ubiquity — or we can look at the issue from another angle.

We have already decided to share our lives with these companies, and we continue to do so because we

Today, we don’t go online, we live online. This rings especially true in 2020. Before the pandemic, we spent hours a day on our devices. Screen time has increased even more now as many of our daily activities have moved to a virtual setting.

Why then is this digital reality left out of the UN’s goals? How could we possibly build a more just and livable planet without an 18th goal that focuses on creating a safe and meaningful digital life.

## Imagining The 18th Sustainable Development Goal

So, what exactly does a safe, meaningful digital life look like, and how can we approach it on a global level?



see more benefits than drawbacks. How can these tech powerhouses use their abundant data and global influence to help solve the original 17 SDGs.

### A Global Issue Needs A Global Approach

The Internet has erased boundaries and blurred borders. When we live online, we can access the same information and tools whether we are in Cape Town, Singapore, or Chicago. Technology has fundamentally changed how people get information, communicate, engage with one another, and even interact with the world at large. It has also changed the relationship between brands and people by providing a global platform and the ability to connect with individuals at scale.

### It's hard to differentiate between our digital lives and our "real" lives because they are one and the same.

As a result, the push for data privacy has exploded in recent years. Governments have been rolling out new regulations, like the General Data Protection Regulation (GDPR) in the EU, the Personal Information Protection and Electronic Documents Act (PIPEDA) in Canada and the California Consumer Privacy Act (CCPA), but data issues are an international concern that require international cooperation. Yet, we do not have any established global laws for data privacy.

An 18th Sustainable Development Goal would make it mutually beneficial for companies and

governments to join forces. Companies could deepen their entanglement with users and explore new technological developments, while committing to responsible privacy and security standards that protect personal data from misuse.

### An Opportunity to Create A Safe and Meaningful Digital Life

It is in the best interests of tech companies to support an 18th goal. People are currently concerned about the topics raised in The Social Dilemma, as well as the risks of intrusive technology. Companies can spend time defending themselves or arguing against their detractors, or they can fairly lead the discussion and pledge to uphold the following standards of a safe and meaningful digital life:

- **Safe:** Not operating a digital environment polluted by "smart" advertising, not selling data without permission to third parties, not manipulating citizens by spreading misinformation
- **Meaningful:** Continuing to democratize information and communication in order to expand professional, personal and educational opportunities

What if we could experience significant impact to quality of life with an addition to the UN Sustainable Development Goals where companies use data for mutual benefit rather than for unwelcomed intrusion or manipulation?

We need our digital world to be as safe and livable, as with our physical world. We need a place where global corporations are acting responsibly both online as they do offline. As with all the other SDG areas, we need universal and global laws that protect the users and their data, while enabling tech companies, governments, industry, civil society and researchers

## What if companies could commit to providing customers with a richer and protected online future through a more enriched and acceptable life with data?

alike to unlock the beneficial potential of new technologies and making the world a better place than when they leave it.

The solution to many of the other Sustainable Development Goals relies on the use of technology and how corporations leverage Artificial Intelligence, Big Data and Machine Learning etc. to convert insights into big opportunities. We simply need to find solutions to coexist and define common rules. Today,

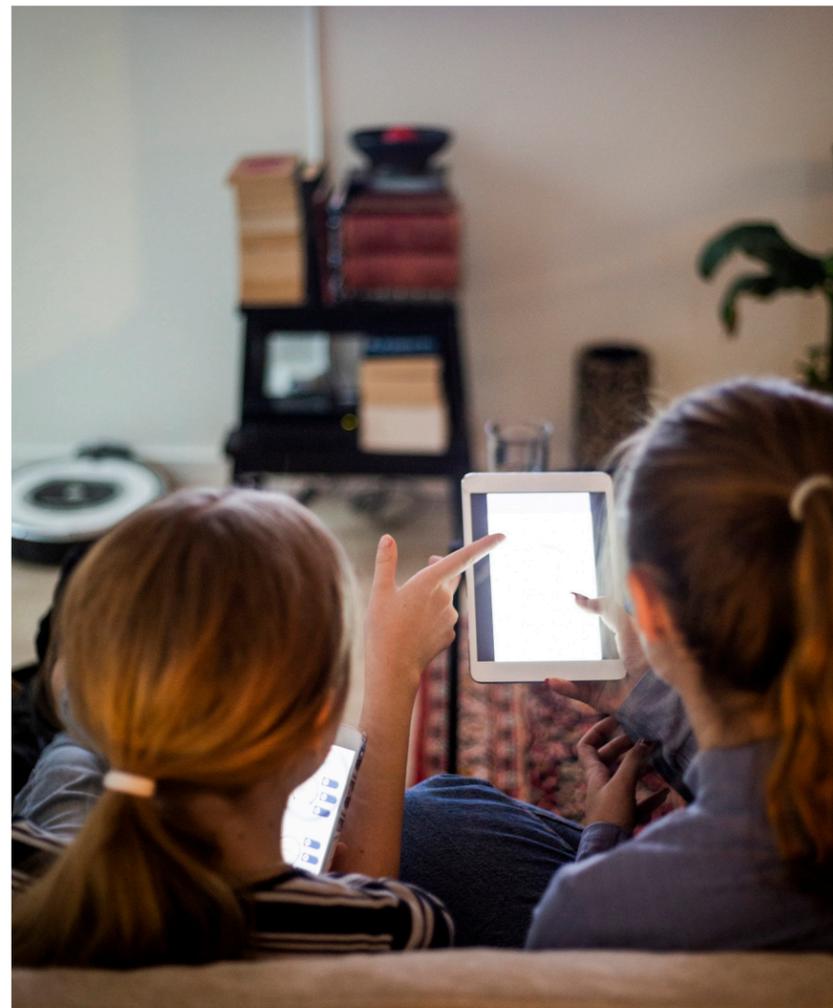
as many technology companies are now so embedded in people's digital lifestyle that there is an "intertwined existence" or an "entangled relationship."

People and technology connect reflexively. Searching on Google or watching Netflix streaming or ordering goods with one click from Amazon have become reflexive.

Defining such global guidelines will involve funding, resources, and expertise while companies need to find new ways of working and innovating with people. It can be done if companies commit to collaboration with their customers in identifying new solutions.

However, it will be impossible if it's not guided by a new Sustainable Development Goal number 18 – A Meaningful and Safe Digital Life. ❖

**We live on one planet, and we need to give the same consideration to our digital existence as we do to our physical world. If companies dedicate a fraction of their vast resources to developing an 18th Sustainable Development Goal, they can be part of a solution that benefits everyone.**





SHARE OF LIFE

# Purpose Is Not CSR, It's Just Good Business

**E**ven prior to COVID-19, it seemed as if every corporation had transformed itself into a “purpose-driven company.” Go to any corporate website, and you’ll likely come across a mission statement peppered with phrases like “creating an impact” or “making a positive difference in the world.”

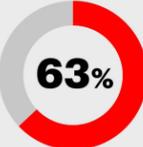
More than ever before, businesses are feeling the pressure to not only define their purpose, but also communicate it to their customers — which isn’t at all a bad thing. But most companies, even those with good intentions, often get purpose wrong. They approach this significant concept as if it’s a one-time corporate social responsibility (CSR) program or PR campaign — wrapped in pretty packaging and language, but ultimately lacking in substance.

Customers can see right through these shallow attempts at creating purpose where there is none. Purpose is not CSR, nor is it philanthropy. Purpose is an authentic expression of what your company and your customers can do together to build a brighter future. It goes far beyond products or short-term financial gains; it is based on earning customers’ buy-in and empowering them to achieve more with your company over time. And for all these reasons, purpose is simply good business. »

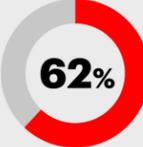
accenturestrategy

## CONSUMERS GLOBALLY BUYING FROM PURPOSE-LED COMPANIES





**63%** are buying goods and services from companies that reflect their personal values and beliefs.



**62%** want companies to take a stand on social, cultural, environmental and political issues close to their hearts.

### Authenticity Matters

**62%** say their purchasing decisions are influenced by a company's ethical values and authenticity.

**74%** crave transparency into how companies source their products, ensure safe working conditions and their stance on important issues.

### People Power

**66%** believe their actions can influence a company's stance on issues of public concern.

**47%** have stopped doing business with a company as a result of its actions.



Purpose-led companies build deeper consumer connections which improves competitiveness.

Find out how at: [www.accenture.com/BrandPurpose](http://www.accenture.com/BrandPurpose)

In Accenture Strategy's global survey of almost 30,000 consumers, 62% say they want companies to take a stand on issues like sustainability, transparency or fair employment in a way that aligns with their own beliefs. Nearly half (47%) of consumers will walk away if they're disappointed with a brand's words or actions on a social issue, and 17% won't return again.

Accenture's report astutely identifies this as an opportunity for companies to foster real connections with customers: "Meaningful relationships are those that shift the customer dialogue from Give ME what I want to Support the ideals WE believe in." Long-lasting associations are often grounded in a common purpose and built around a collective sense of brand belonging.

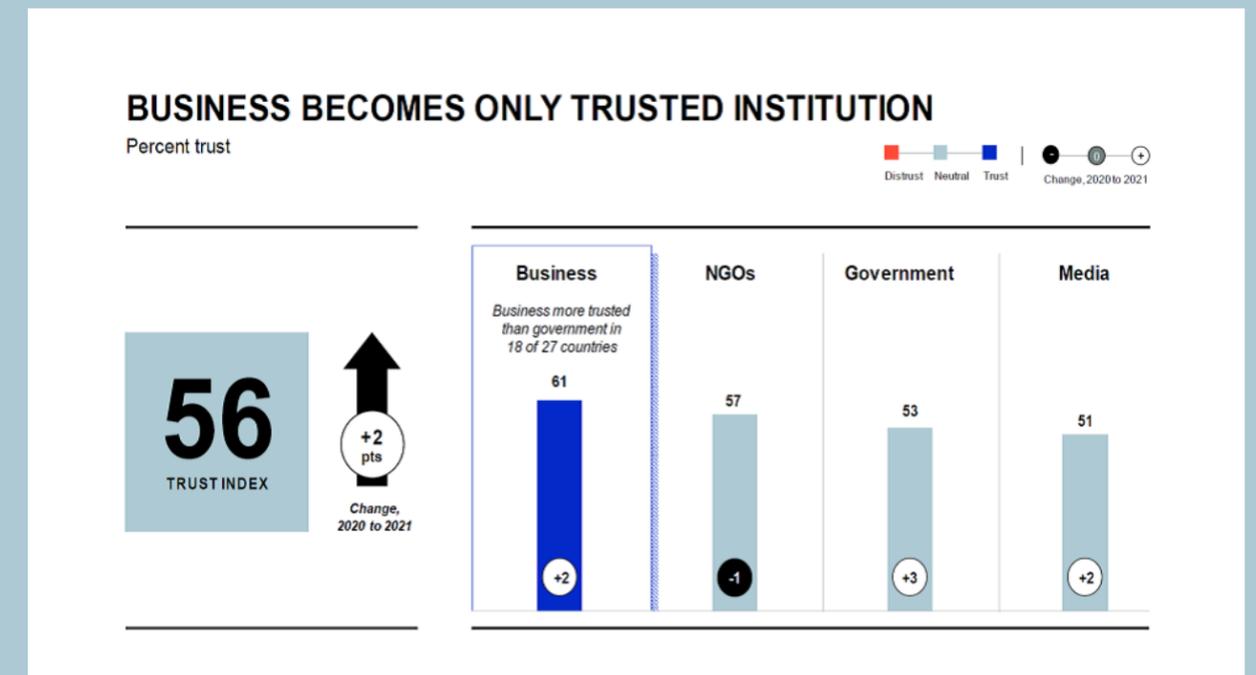
Customers now are seeking this kind of belonging in a world that feels increasingly divided and lonely, despite our constant digital connectivity. Until the pandemic, people put more trust in businesses than in governments, according to global data from the Edelman. Pre-COVID data from the

Edelman Trust Barometer showed that nearly three-quarters of respondents (73%) believed companies could take actions that both boosted profits and improved economic and social conditions for their local communities, while 76% agreed that CEOs should take the lead on change — on issues such as equal pay, discrimination, and the environment — rather than

waiting for governments to implement such actions. This is exciting news for companies, but it also comes with a great deal of responsibility.

While Edelman's Trust Barometer's Spring Update, conducted during the height of the early pandemic (April 15 -23, 2020), revealed an extraordinary 11-point

## Business is now the only trusted institution that is seen as both competent and ethical.



Source: 2020 Edelman Trust Barometer'

### Why Purpose Matters

Consumers today aren't making decisions solely based on products or price. They are evaluating how a company acts and how it represents its values.



## The Pandemic Exposed Several Areas of Deep Business Concern

- Half of people believe business is doing poorly, mediocre, or completely failing at putting people before profits
- Only 38 percent believe business is doing well or very well at putting people before profits
- Only 43 percent believe that companies are protecting their employees sufficiently from COVID-19
- Only 39 percent believe business is doing well or very well at protecting their employees' financial wellbeing and safeguarding their jobs
- 46 percent do not believe business is helping smaller suppliers and business customers stay afloat
- Only 38 percent believe business is doing well or very well at helping their smaller suppliers and business customers stay in business by extending them credit or giving them more time to pay

gain for governments as citizens worldwide came to rely on their individual governments to protect them in a manner not seen since World War II, that gain has now been lost. In fact, according to Edelman, "The spring trust bubble has burst with the biggest losses for governments around the world. Business is now the only trusted institution that is seen as both competent and ethical."

We need to remember that brands do not operate in a vacuum. They live in a space that is consistently defined and redefined by their relationship with people. This relationship is not quantified by a straightforward count of brand-people interactions - because, in many cases, that's just a click.

The real unit of measurement we should be looking at is the count of meaningful interactions between the brand and its people.

According to the Spring Trust Update, to increase trust, business should focus on solutions, not selling, with respondents calling for the private sector to collaborate with competitors, redefine their company's purpose and goals around fighting the pandemic, and switching production of what they currently

Essentially, your customers put their faith in your company and your brands, and you have no choice but to live up to their trust.

### Create A Shared Purpose

So, before you dash off a superficial CSR effort, take the time to think through your company's purpose in a

**We need to remember that brands do not operate in a vacuum. They live in a space that is consistently defined and redefined by their relationship with people.**

genuine way. What do you stand for? Why are you here? How are you making people's lives better? And how are you engaging your customers to be part of it?

When you live by your purpose and communicate it clearly, you draw your customers in to become enthusiastic participants and ambassadors. And by nurturing this shared purpose, you will start to become part of your customers' lives and earn what we have coined Share of Life™.

This is more than simply developing a relationship between a brand and a customer. It strives to ensure that such a relationship will potentially last a lifetime — and is not just linked to a product or service. Consider Share of Life a paradigm shift taking place at the heart of brands within a digital-first age, moving from what brands had traditionally known as "one-to-one" communication toward a "one-with-one" mentality.

We're now experiencing a dramatic evolution of how brands and customers interact — more directly and even more intimately. Understanding that purpose should be lived with your customers is what makes companies like Patagonia, Warby Parker, and SAP stand out. With a Share of Life mindset, your customers will embrace your purpose as their own, and you work together toward the same vision for the future. ✕

CASE STUDY

# Why Drive Sustainable Corporate Buying Decisions?

SAP Ariba Creates Procurement with Purpose

## ■ Client Overview

SAP Ariba is an innovative cloud-based solution that allows suppliers and buyers to connect and do business on a single platform, while providing cost-efficient procurement and supply chain collaboration via the largest B2B network of trading partners all around the world.

SAP Ariba has the ambition, vision, and technology to empower business customers and consumers with transparency about ethical sourcing.

## ■ The Challenge

SAP Ariba needed to create a captivating case with data-driven insights for their customers, so they could adopt new technologies to positively effect change through ethical sourcing.

## ■ Business objectives:

### Thought Leadership

Elevate SAP Ariba's brand position from product-driven to thought leadership by empowering brands to fulfill their corporate purpose, vision, and compliance with the United Nations Sustainable Development Goals. Demonstrate how their technological innovation in supply chain practices can improve people's lives.

### Transparency

SAP Ariba has initiated transparency in their supplier practices by including information on a source's human and workplace rights, environmental and sustainable concerns, as well as the economics of local communities. This information can ultimately encourage brands to fulfill the UN SDGs with meaningful data and insights.

### Sales Enablement

Position SAP Ariba as a sales and growth enabler through customer support and highly relevant insights that can drive demand.

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## The Vision SAP Ariba's – Share of Life™

**SAP Ariba is a purpose-driven business and we fundamentally believe it is our role to find like-minded companies and provide a platform on which they can work together to build ethical sustainable supply chains and make the world a better place.**

— Barry Padgett, President SAP Ariba (2019)

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## ■ The Strategy

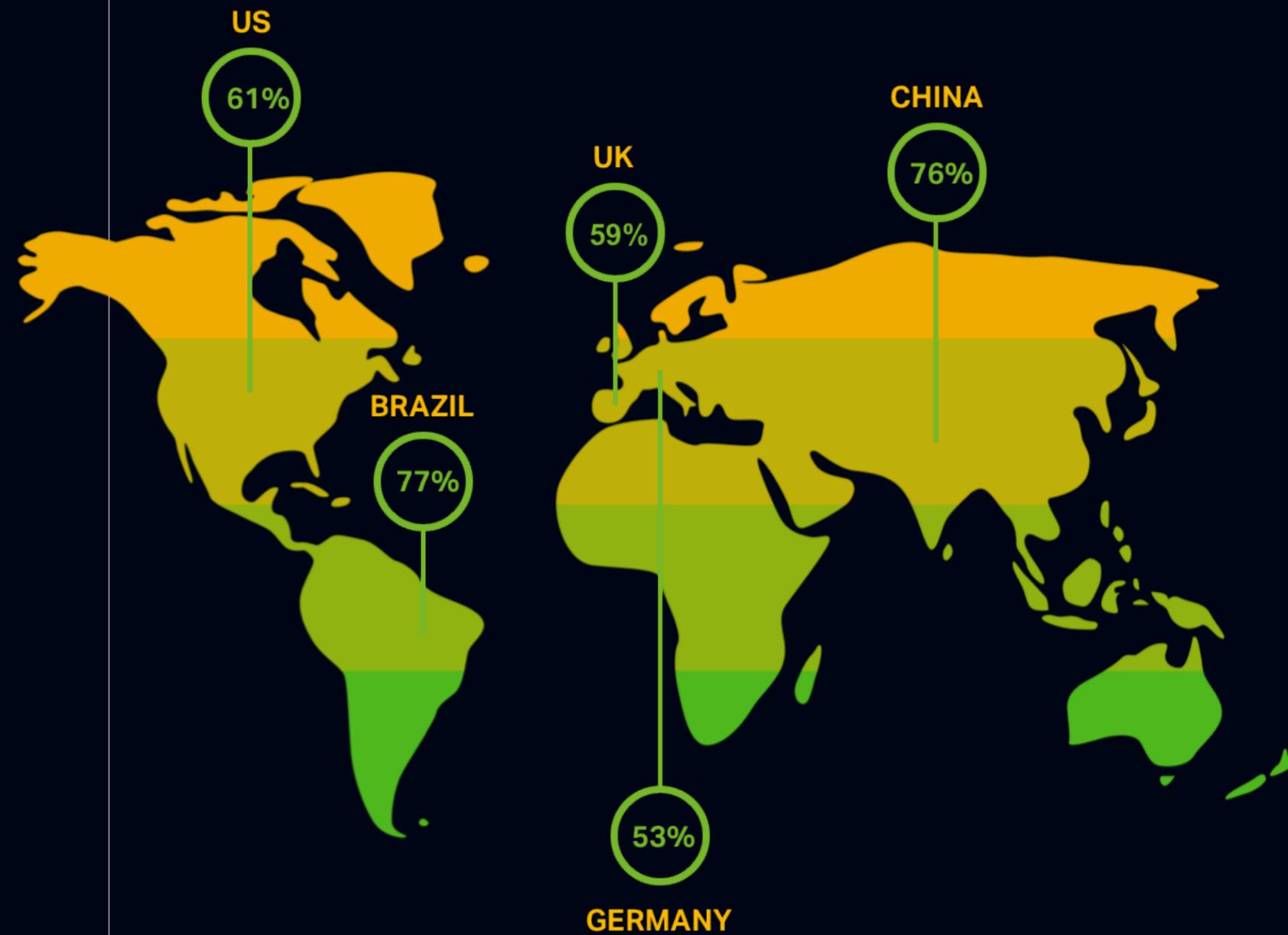
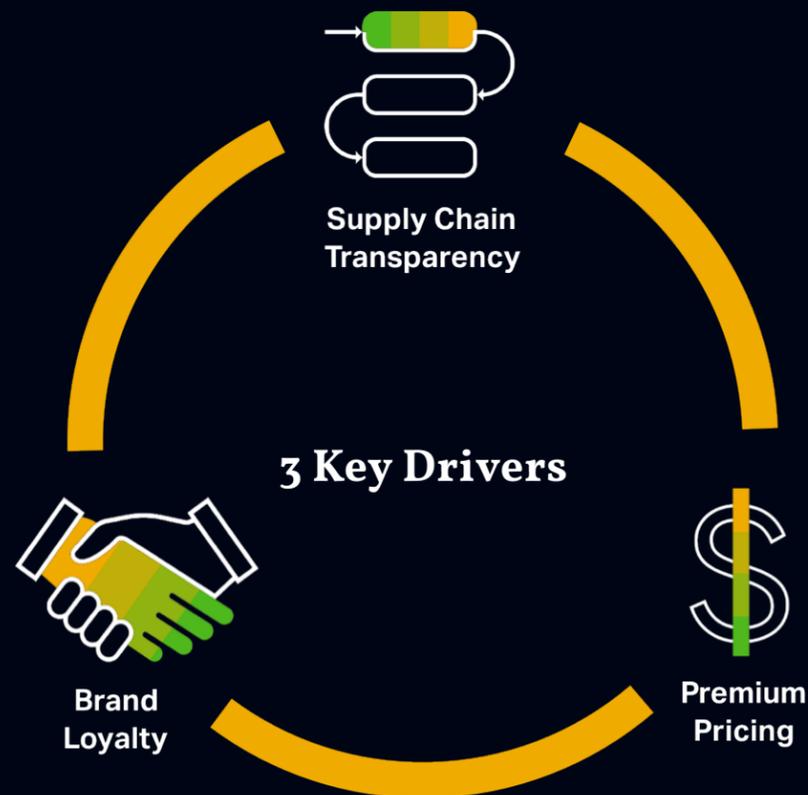
### What Drives Consumer Buying Decisions?

Inspired by the UN SDGs, SAP Ariba commissioned a study through Vertic which considered five major markets and five industries to gain insight into the key factors that influence buying decisions. The study showed that consumers are more brand loyal and more willing to pay a price premium for brands with responsible supply chain management.

Consumers are more conscious of their purchasing decisions and expect brands to integrate transparency and ethical sourcing into their business strategies.

## ■ The Research

Inspired by the UN SDGs, SAP Ariba commissioned a study through Vertic which factored five major markets and five industries to gain insight into the key considerations that influence buying decisions. The study showed that consumers are more brand loyal and willing to pay a price premium for brands with responsible supply chain management.



Consumers would be more loyal to a brand if they knew they were adhering to the UN SDGs

## ■ The Solution

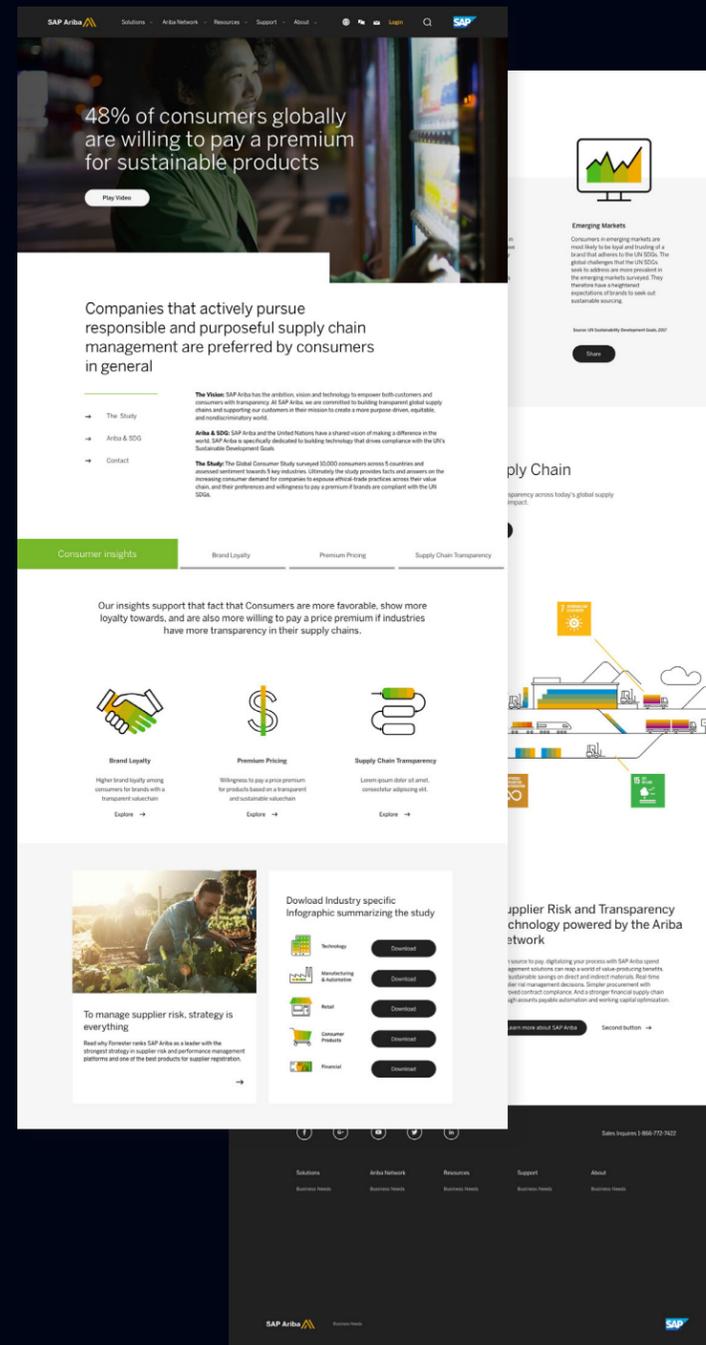
### Program Pillars

**1 Global Consumer Study**  
Study showcasing that consumers are more brand loyal and willing to pay a price premium for brands with responsible supply chain management.

**2 Digital Landing Pages**  
Digital landing pages translating the findings of the study into a compelling storyline to be used as an asset to support SAP Ariba's ambition to increase their positioning as an industry thought leader.

**3 Brand Awareness**  
Development of a MarCom and PR strategy to broaden reach and awareness of the study and insights. Activating the internal SAP community to share the importance and relevance of the study for businesses through internal communication channels, social media etc.

**4 Lead Generation**  
The study positions SAP Ariba as a sales and growth enabler, supporting their customers with valuable and highly relevant insight. This can be leveraged to create leads through channels such as LinkedIn, influencer marketing campaigns, and co-branding campaigns. 



Vertic Insights often highlights the Point of Views of industry notables who raise topics that add understanding to this magazine's theme or coincidentally enhance Vertic's Share of Life™ platform.

### POINT OF VIEW

# It's Time To Fight For Consumer Hope

By James L. McQuivey, PhD, VP, Principal Analyst at Forrester

*While this originally appeared on prior to COVID-19 his blog to commemorate the anniversary of September 11th, the lessons resound loudly now.*

**"D**igital platform" is a term I first proposed more than a decade ago to describe a new breed of company that was about to dominate in our economic and social discussions. The term never caught on, sad to say, probably because it wasn't catchy enough, but the prediction proved true. I used the word platform to get away from the word ecosystem, a term that many had fallen in love with in the early 2000s as they believed it described Apple's astonishing success with the iPod and, later, the iPhone. And though ecosystems can be powerful economic tools, they are not as powerful as digital platforms, not the way I meant them to be understood.

To illustrate, four of the five companies I called digital platforms in 2008 were Amazon, Apple, Facebook, and Google. They all had the potential to do something that the word platform describes well, namely giving customers a platform on which to stand from which they can reach up and harvest all the expanding benefits

the company makes available. A platform requires a home for a consumer — in Amazon, that home was the shopping website; in Google it was the search interface, even as the company was already adding mapping and, later, the Android mobile OS. From that home base, a consumer must be able to reach out and ask for — and have a high likelihood of receiving — benefits that stretch for miles, seeming even infinite. Platforms must necessarily scale out horizontally, partnering promiscuously to get as many adjacent benefits lined up as possible. Apple soon had its App Store, and Amazon had its expanding categories and its marketplace for third-party sales. Platforms end up requiring an investment in infrastructure that can itself become a product — Amazon Web Services is a good example, as is Amazon's delivery network, but so are Google's and Facebook's advertising tools and infrastructures.

Platform power is unique not just because of the strategic direction a platform company must take to fulfill its platform destiny but because platforms must be incredibly obsessed with customers. They must know their customers, harvest data from them to learn more about their interests, and continually experiment with new services to keep the attention and interest of their customers. This requires thinking beyond the products of today and imagining a blended services model where the customers get what they want, when they want it, without having to navigate your corporate silos or antiquated product models.

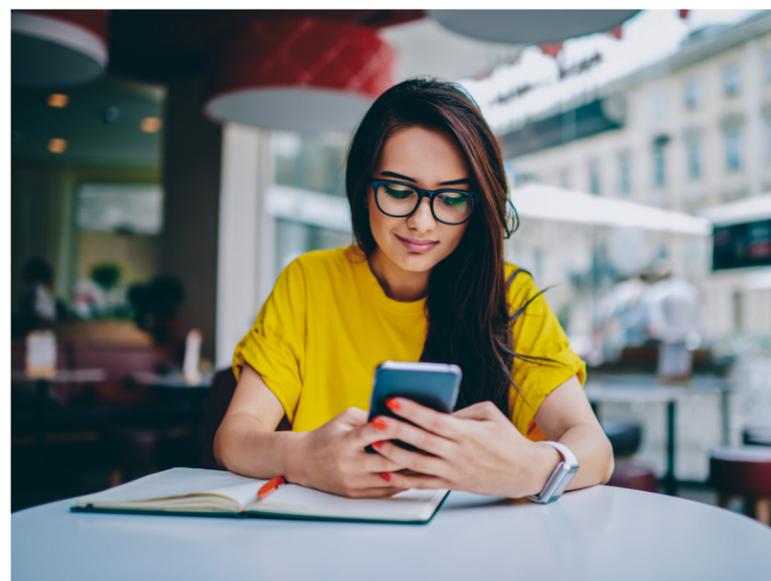
### **The Logical Shift From Product-Driven To Service-Driven Companies**

I have described this shift from a product-driven company to a service-driven company as the end goal of a platform company and any that would successfully cooperate or compete with it. Obsess about the

customer, build an infrastructure and ecosystem capable of delivering services that continually expand in value, and thereby maintain the emotional and behavioral engagement of the customer. This is essentially the bulk of the work I do today, though we quickly found that we also had to guide companies through the internal employee and culture issues that often stand in the way of change.

In the end, it all lined up nicely: If you enable your employees to obsess about your customer and build the services that increase the frequency of engagement, you will win. But I soon came to realize that a model based on hyper-convenient services-based experiences was also vulnerable. Services are easy to copy. And because digital switching costs are often zero, it is hard to satisfy people in a way that makes them feel that elusive thing called loyalty.

But most important, and the motivator behind this post, is that services-based relationships often fall into a convenience trap. In this trap, in a laudable effort to reduce friction and increase the ease of trial,



companies spend so much time on making it easy to do business with them that they gradually lose sight of reminding you why you would want to do business with them.

### **Why Would Consumers Want To Do Business With You?**

To understand why this matters so much and why it's especially important now, reflect on the history of human development. As Pascal Boyer, a celebrated evolutionary anthropologist, writes in his book *Minds Make Societies*, the best explanation we have so far for those human behaviors that exist across culture groups, nations, and ideologies is an evolutionary one. If we did not evolve the ability to tell whether someone is lying (which we did not — read Malcolm Gladwell's new book *Talking to Strangers* for more on that topic), then we must not have needed it to get this far. If, on the other hand, we evolved to quickly assign intentions to the people and even objects around us, then that must be a crucial part of our survival as a human species — or it was for so long that even if it might no longer serve the same purposes, we are stuck with it.

What does that mean for how we choose which app to install or which company to buy from online? It

**We need to affiliate with people, objects, movements, and groups that we have reason to believe intend to do well by us. If we can't find that, we despair. When we do find it, we experience hope.**

means that our intention radar is constantly working, continually evaluating trading partners for the strength of their long-term commitments. That intention radar begins to supply the why for the affiliations we make, the companies we choose. Boyer's book discusses this at length, showing how all human societies have mechanisms for signaling long-term intentions precisely because the receiving humans are constantly evaluating those intentions — everything from tattoos that show relatively permanent group membership to wedding bands that publicly affirm commitment to a relationship.

When we shop, we are not only driven to look for signs of long-term positive intentions, but we are hoping to find them. In other words, it's not just a danger detector; it's also an aspirational drive that we call hope.

In weighing a company in the balance — let's take Amazon, for example — what used to count as good intentions, something as simple as quick shipping or a liberal return policy, no longer stands out as differentiating, either because customers got used to it or because competitors have matched it. This undifferentiated service makes it hard to compete in rational terms, sure, but it also untethers the customer's urge for hope from the company.

Meanwhile, unaware, digital platform companies and all their in-industry competitors have fallen deeper into the trap of hyper-convenient services. "We're obsessed with

our customers," they insist. "We're using journey maps, and we're cutting out friction. We're so agile and flexible that we might as well be cooked spaghetti over here!" But what they don't understand is that an untethered urge for hope is one that has to be attached somewhere. And in the absence of a compelling offer of hope, people will assume the worst about your intentions.

### Losing The Connection To Hope Is What's Really Plaguing Digital Platforms Today

That's what has happened to Facebook. It's happening to Amazon and Google. It has been slowly happening to Apple, as the faithful question technical decisions such as whether the company should have dropped headphone jacks or switched to Thunderbolt. In recent years, reporters have asked me to explain what's happening to these companies; I'll admit it has sometimes been hard to quantify. People keep using Facebook, even if they use it differently. People keep increasing their spend on Amazon. More people are buying Android phones every year. And Apple keeps making money hand over fist. Reporters are puzzled: Why does it feel like these companies are losing their mojo even as the numbers say otherwise? Because they're losing their claim to customer hope.

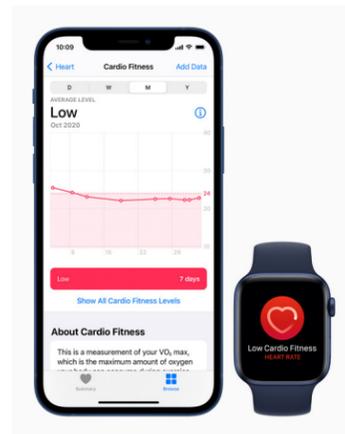
The hope that an entire generation previously placed on these companies, the hope that made us forgive the inevitable fits and starts like Amazon's Fire Phone or Google Glass . . . that hope is now untethered for people over thirty-five. And worse, it was never attached in the first place for most Millennials.

That's the real challenge ahead of these large digital platform companies. Their products are amazing. Their services are top-notch and only getting better. But we have a need for hope, an urge for hope, and the hope

that we would normally have attached to these companies is now flying free in the wind.

I think Apple senses this in a way the others do not. In Apple's recent event, where the company announced a variety of modest improvements to its Apple Watch lineup as well as its iPhone line, not to mention filling in the details of its various gaming and video subscription services, the company also elevated the aspirations of its customers toward hopeful outcomes, like saving people's lives with Apple Watch or achieving new levels of personal and group creativity via the new iPhone cameras. It was subtle, and I'm not sure most industry observers picked it up. But if Apple continues to develop this message, it will be the first of these big platforms to make a play for the reattachment of our urge to hope.

Meanwhile, this vulnerability in the model of the big digital platform providers suggests that there is finally an opening for you, dear reader who doesn't work at Google or Facebook. If you know your customer well enough, your company can step up and consistently show such good intentions that your customers not only transact with you or subscribe to you — big wins in an earlier stage of our economy — but they also attach their hopes to you. Sure, they will still use Amazon for everything they can, but they will be connected to you — bank, healthcare provider, fitness gym — in a way that will give you permission to serve them for years to come, no matter how large or small your platform. ❖



Health App from Apple showing heart rate measured by the iWatch.

# Vertic founded by Sebastian Jespersen and Mads Krogh Petersen



**Sebastian Jespersen**  
CEO and Founder of Vertic  
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**Mads Krogh Petersen**  
President and Co-Founder of Vertic  
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In 2002, Sebastian Jespersen and Mads Krogh Petersen came together with a shared belief; through digital transformation, any firm could form a deeper and broader connection with customers than possible before. The dominant marketing trend of our time was destined to be gaining Share of Life™ with end users in cyberspace. The founders' background in management consultancy underpins the agency's differentiation of seeing creativity and technology as mediums through which business objectives are achieved – rather than the focus of our work.

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