# Case Study

## 2019 EFFIE AWARDS
## 5 FOR 50 WINNER

### "IBM. A leading brand. A lasting brand."

How did a 107-year old technology company survive a category that would inevitably be transformed beyond recognition? IBM not only survived the massive change, but also shaped society and the industry at large, using effective communications to bring the world consistent thought leadership throughout. Today, 'responsiveness', 'consistency', and 'commitment' to the brand has distinguished IBM as the 12th most valuable brand in the world, and the #1 most valuable pure B2B brand in the world - and its revenues are growing.

# Statement of Effectiveness

Today, IBM is #12 most valuable and #1 pure B2B brand globally, with growing revenues.

# Effie Awards History

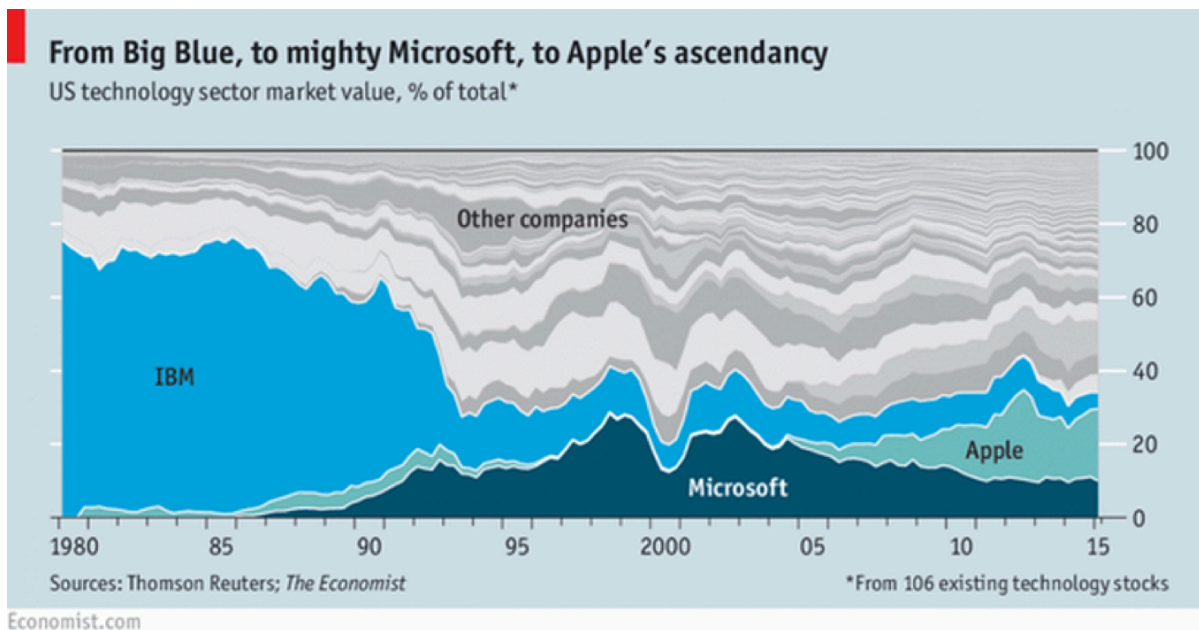| Award Level | Effie Program | Entry Title | Year |
|---|---|---|---|
| SILVER (Global) | Effie United States | IBM SmarterCities Program | 2010 |
| GOLD (Global) | Effie United States | "Let's Build a Smarter Planet" | 2002 |
| SILVER (Global) | Effie United States | Stop Talking, Start Doing | 2017 |
| GRAND (Electronics) | Effie United States | e-Business Infrastructure | 2014 |
| GOLD (Business-to-Business) | Effie United States | Outthink | 2017 |
| GOLD (Business-to-Business) | Effie United States | #IBMFoodTruck | 2015 |
| GOLD (Carpe Diem- Products) | Effie United States | A Boy and His Atom | 2014 |
| GOLD (Electronics) | Effie United States | "Let's Build a Smarter Planet" | 2012 |
| GOLD (Software & Apps) | Effie United States | Watson | 2012 |
| GOLD (Corporate Reputation) | Effie United States | Watson | 2012 |
| GOLD (Sustained Success- Services) | Effie United States | e-business | 2005 |
| GOLD (Software & Apps) | Effie United States | Software Evangelist | 2001 |
| GOLD (Electronics) | Effie United States | Hot Products | 2001 |
| GOLD (Corporate Reputation) | Effie United States | E-Commerce Drive | 2000 |
| GOLD (Corporate Reputation) | Effie United States | IBM e-business | 1999 |
| GOLD (Software & Apps) | Effie United States | OS/2 Warp Server Testimonials | 1997 |
| GOLD (Corporate Reputation) | Effie United States | Solutions for a Small Planet | 1996 |
| SILVER (Electronics) | Effie United States | Cognitive Collection | 2017 |
| SILVER (Business-to-Business) | Effie United States | IBM Cognitive Fashion Campaign | 2017 |
| SILVER (Small Budgets- Products) | Effie United States | IBM Flashman | 2017 |

# Enduring Effectiveness Strategy and Adaptation

In the 1980s, IBM ruled. At its peak, it represented 75% of the US technology sector's market value[1]. But change was waiting around the corner. Throughout three eras – the Early Internet era, the Big Data era, and the AI era – the IT category would be transformed beyond recognition.

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[1] The Economist, article, 2015

**From Big Blue, to mighty Microsoft, to Apple's ascendancy**
US technology sector market value, % of total*

Sources: Thomson Reuters; *The Economist*                    *From 106 existing technology stocks

Economist.com

This paper recounts how IBM not only survived these three eras, but *steered society and businesses through them*, using communications to bring the world the thought leadership it needed to cope with such massive change. Though IBM has evolved its vision for each era, the brand's ambition to enact "*world-changing progress*" has never changed. Today, IBM is the 12th most valuable brand in the world[2], the #1 most valuable pure B2B brand in the world, and its revenues are growing.
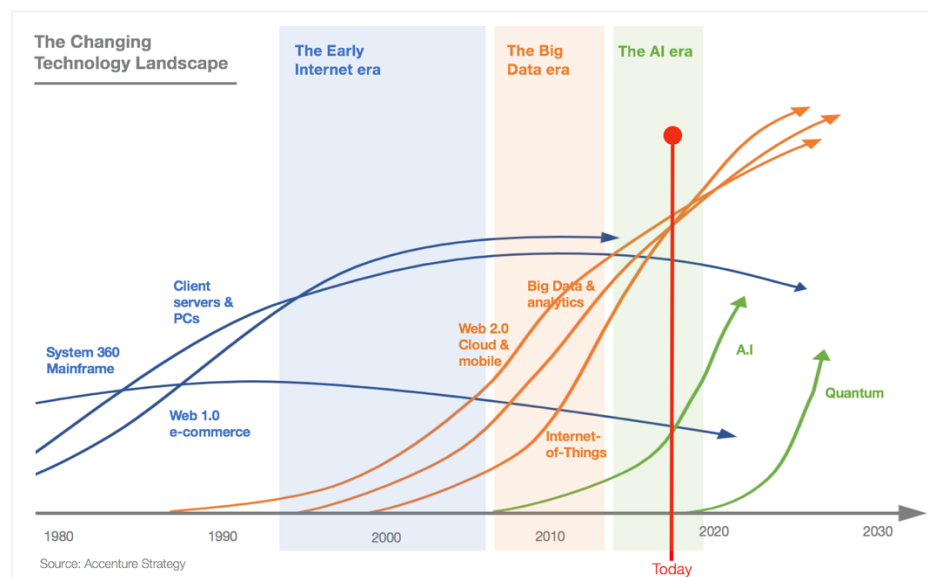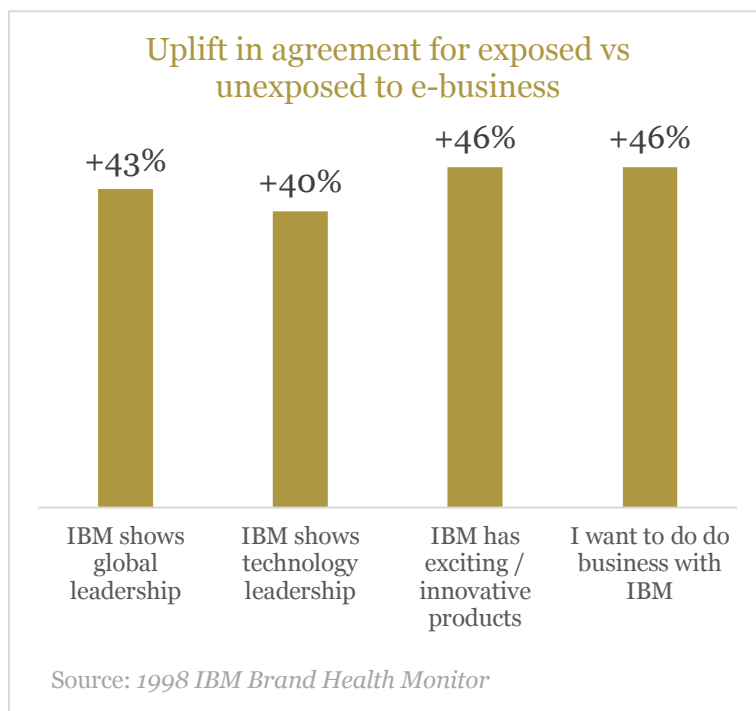


The Early Internet era: *e-business*
In 1997, IT executives saw IBM as a hardware manufacturer, and just 3% thought it could help with their web-based projects[3]. At the time, much of the hype around web was focused on gimmicks. Our insight was that people were clinging to superficial aspects of the web because

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[2] Interbrand, study, 2018
[3] IDC, study, 1997

they had no idea how to approach the truly transformational possibilities it offered for business, or even what those possibilities really were. Into this climate of apprehension, IBM launched a campaign with a bold and coherent vision for doing real business on the web. It was both emotional and rational, featuring "office drama" TV ads capturing the confusion people felt, as well as eight-page ads in the Wall Street Journal detailing specific solutions. Importantly, we coined a single word to sum it up: **e-business**. Our strategy (one we would return to often) was: name the space → own the name → own the space.

It was wildly successful. Unaided association with the term e-business was **seven times higher** for IBM than its nearest competitor[4], with analysts commenting it "caught the rest of the industry off guard"[5]. The campaign improved multiple brand perceptions and won 10,000 e-business clients[6]. By the year 2000, **IBM's net income increased by 33%**.[7] CEO Louis Gerstner said that through the campaign, "we found our voice, our confidence, and our ability once again to drive the industry agenda"[8].



**Uplift in agreement for exposed vs unexposed to e-business**

+43% — IBM shows global leadership
+40% — IBM shows technology leadership
+46% — IBM has exciting / innovative products
+46% — I want to do do business with IBM

Source: *1998 IBM Brand Health Monitor*

The Big Data era: *Smarter Planet*

By 2008, both the technological and the business landscape had changed. Transistors were now cheap enough to put in almost any object, leading to buzz (but little clarity) about the "internet of things". Businesses were reducing IT purchases as a global recession unfolded[9], but new U.S. President Obama had a mandate to enact "change we can believe in", and stimulus dollars to

[4] IBM, brand tracking, Q1 1999
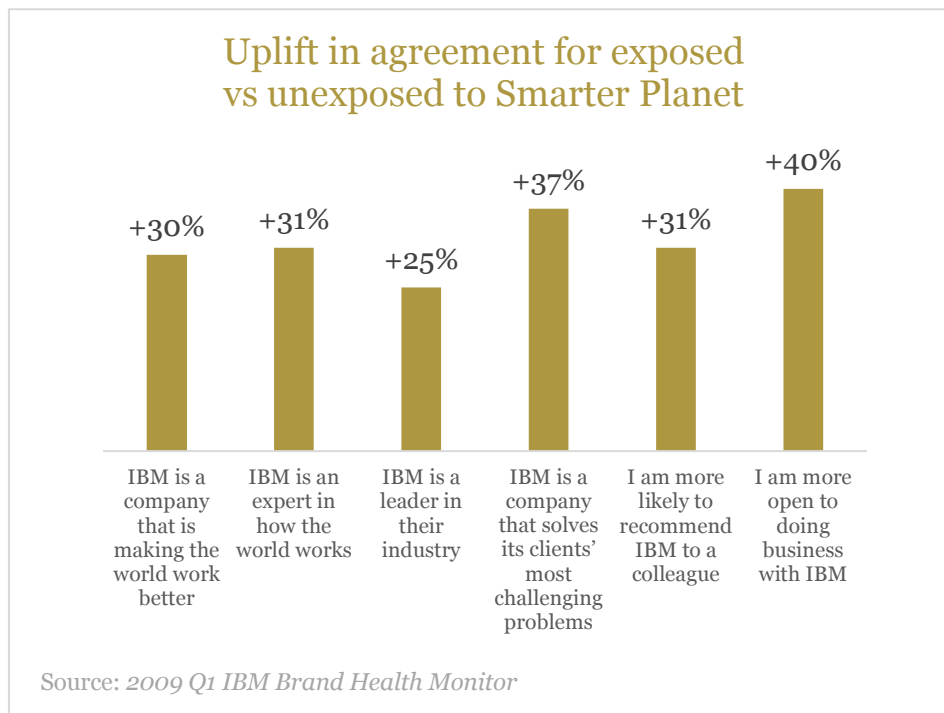[5] Dataquest, client quote, 1999
[6] IBM 100: Icons of Progress – e-business. Available at ibm.com
[7] IBM, earnings data, 1997-2000
[8] Louis Gerstner, 'Who Says Elephants Can't Dance?' book, 2002
[9] Forrester, annual report, 2008

achieve it. IBM's growth depended on showing the public sector it could help make the world work better. As before, we married a succinct phrase with an expansive vision, this time for how technology could build a **Smarter Planet.** From Smarter Cities to Smarter Hospitals to Smarter Power Grids, the campaign countered cultural gloom with IBM's optimistic belief (backed by examples) that technology could solve more of the world's problems.

## Uplift in agreement for exposed vs unexposed to Smarter Planet



Source: *2009 Q1 IBM Brand Health Monitor*

Smarter Planet became a reference point for leaders everywhere. It was covered extensively in the business press[10], driving IBM's leadership credentials, earning requests for help from Obama's Chief of Staff, and increasing 'Smart' deals closed by X%[11]. In five years, **it drove $X billion revenue – a 20:1 revenue ROI**[12].

The AI era: *Watson*

By 2011, IBM faced a new problem. Although the company was still growing, 73% of its revenues came from older era IT like mainframes. The brand needed to build credentials in 'new' IT quickly and dramatically. The most cutting-edge field in 'new' IT was Artificial Intelligence. IBM had some history here, with Deep Blue having beaten Kasparov at chess in 1996. But from this experience, we knew how wary the public was of man-crushing machines. A century of science-fiction in which robots turn against humans had left 1 in 3 people fearful of AI[13]. To overcome these fears, and become a leader for the AI era, IBM needed to tread carefully.

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[10] IBM and its Smarter Planet agenda were featured, written about and quoted in excess of 1,000 times including making the cover of *Fortune* magazine (*IBM's Grand Plan to Save the Planet*); features in the *New York Times*, *Wall Street Journal*, *Financial Times* and *Business Week*.
[11] IBM, Competitor New Deals Report, 2009
[12] IBM, financials data and IBM media, 2009
[13] Worcester Polytechnic Institute, "Artificial Intelligence through the eyes of the public", report, 2011

Our strategy was to take IBM's advanced AI technology (which initially had an interface resembling Powerpoint slides) and personify it as **Watson**. We gave Watson a friendly face made from a Smarter Planet logo and made him an instant celebrity by putting him on U.S. game show *Jeopardy*, generating over 10,000 news articles worth $50 million in earned media. Watson's famous win showcased IBM's groundbreaking capabilities to a staggering 70% of Americans[14].
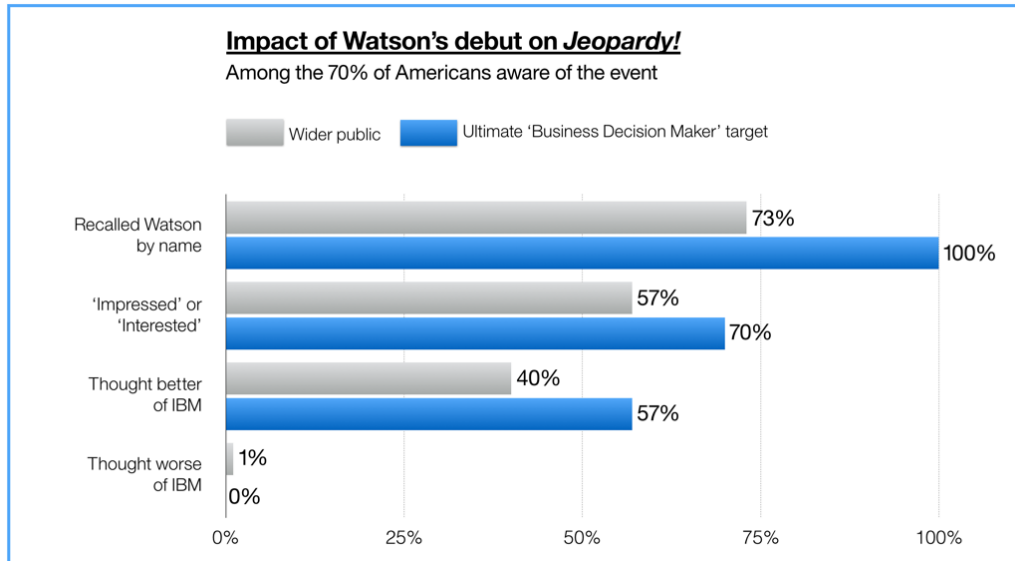


Within months, Watson had attracted $X million in revenue, **paying back over X times in revenue and X times in profit.**[15]  Over the following years, the 'Outthink' campaign helped establish IBM's Cloud, while continuing to increase Watson's presence as it discussed love and loss with Bob Dylan, created recipes for software developers at SXSW, and helped Carrie Fisher with a robot therapy session – all reinforcing the idea that working *with* Watson, *humans* win. By 2016, Watson was the #1 most familiar cognitive computing platform to business leaders, ahead of Apple's Siri and Microsoft's Cortana. Preference for IBM had increased 16 points, making the brand the #1 most preferred IT vendor in the US, ahead of Microsoft, Cisco, HP, Google and Oracle. [16]

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[14] IPSOS, survey, 2011
[15] 1,110 Validated Leads generated by the campaign. Leads that converted to customers generated $170m in revenue., IBM financial data, 2017
[16] IBM, Market Development & Insights Brand Health Study, 2016

# Key Attributes to Enduring Success

Interbrand makes an astute analysis of IBM's success, identifying the brand's top three drivers as 'responsiveness', 'consistency', and 'commitment'.
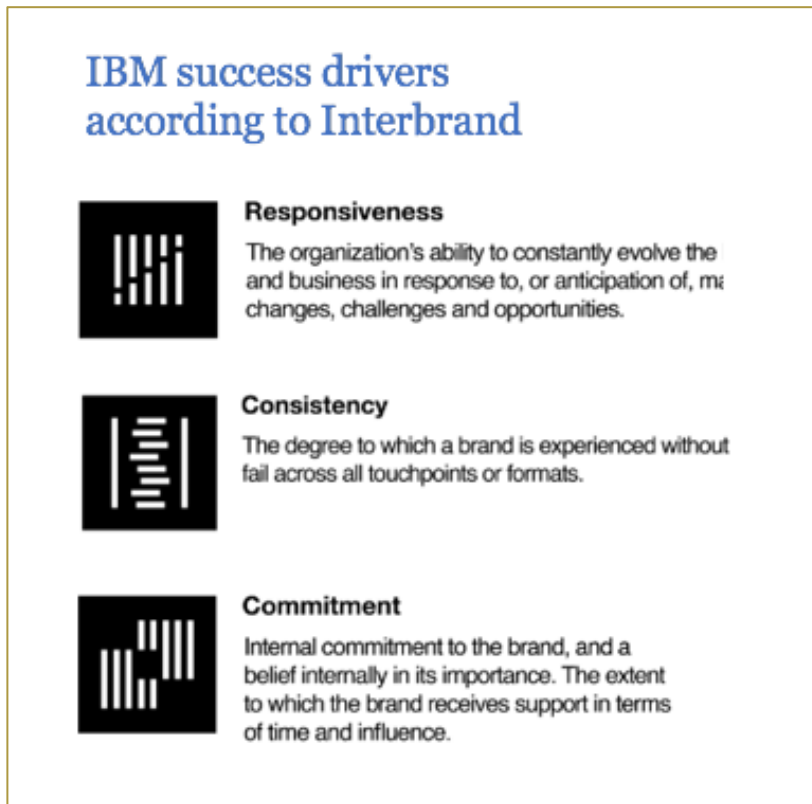


### Responsiveness
IBM would not have survived for over 100 years without an ability to repeatedly reinvent itself. Crucially, the brand has not just evolved *with* the times, but has evolved the times themselves. Its eager e-business clients helped make web commerce a reality. Smarter Planet didn't merely fulfil but triggered industry's appetite for 'big data' solutions. Watson launched the AI era by showing what was possible. IBM's ability to anticipate and shape each new chapter of technology explains why it retains a high position in Interbrand's Global Best Brands index, while top rivals from 2000 have slipped dozens of places (HP) or fallen out altogether (Dell, Compaq).[17]

### Consistency
It seems almost paradoxical that a brand so adept at reinventing itself should also be lauded for consistency. Yet across touchpoints and across time, every new thing IBM does still *feels* like IBM. This is not just because of highly branded[18] executional devices like its "blue bars". It's because all IBM's actions reflect its ambition to deliver *world-changing progress*. Additionally, the deep respect the brand has for its own past provides continuity (Watson was named after IBM's first CEO). More recent communications have extended the long-held internal mantra "THINK!" into a call to "Outthink" the world's problems. IBM can successfully reinvent itself purely because the brand is so clear about what it is at its core.

### Commitment
IBM's internal commitment to its brand is huge – so much so that it is hard to say where the company ends and the

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[17] Interbrand Global Best Brands (HP is at #54, HP Enterprise is at #65. Dell and Compaq are not in top 100), 2018
[18] IBM ad tracking, report, 2009

AWARDING IDEAS THAT WORK ®

brand begins. At each evolution, the 'big idea' is never primarily about marketing, but is a broader platform, inseparable from the business agenda. 'Campaign launches' take place in person rather than in the media (eg CEO Sam Palmisano launching Smarter Planet with a speech to the Council on Foreign Affairs shortly after Obama's election). The leaders of IBM understand that "I'm an IBMer" is a potent statement, that their brand is packed with the meanings and associations of a 100-year history. These associations have enormous value – making **a global revenue contribution estimated by Brand Z at $6.9** *billion* **a year**[19]. IBM knows brand support is a smart investment.

These three factors together have enabled IBM to take a long-term view and weather the storm of recent years. The responsive realignment in 2011 around Watson, in anticipation of the changing market, took 7 years to pay off. Commitment and consistency during this time built strategic revenues steadily up from just 18% of the company to half of it, offsetting the declining legacy revenue and returning IBM to growth in 2018.

# Effectiveness Insights

1. Complex categories need simple stories

In each of the four eras, IBM actively avoided gimmicks, buzzwords and industry jargon. Instead IBM coined language of their own to capture the conceptual possibilities of an emergent technology. By owning the language with 'e-business' and 'Smarter Planet', IBM also came to own the concept and the space. With Watson, it took a very abstract (and frightening) aspect of computing and literally gave it a face, making it more graspable. Business people need storytelling as much as consumers do.

2. Demonstrate the human side of B2B

B2B brands often seem to think they must be dull and 'corporate' to be taken seriously. But business leaders are people too, and like everyone else they respond most to what makes them *feel* something. From the inspiring optimism of Smarter Planet to the humor of Watson's encounter with Ridley Scott, as well as fun one-off use of cultural moments like the cognitive dress that changed in real-time response to tweets, IBM shows that stepping outside the traditional boundaries of the business world is good for business.

3. Purpose driven IBMers

While "tacked-on" brand purposes always seem disingenuous, a purpose that is closely aligned with – but transcends – a company's commercial goals provides a brand with coherence. All IBM's creative work conveys a strong sense that IBM is not just *good* at solving problems, but that it *wants* to solve problems to make the world work better. As well as having obvious appeal to business and public sector clients who share this purpose, it has helped make 400,000 employees – on whose talent and motivation the company's success depends – proud to say "I'm an IBMer."

4. Live and die by effectiveness

Given that IBM sells effectiveness to its clients, it has had to be rigorous about its own. IBM has won 59 Effie awards, including 14 Golds and a Grand, largely because the brand's culture of effectiveness expects all its creative work to be able to prove its worth, and all its people to be thinking about effectiveness from the outset of each project.

5. To adapt to change is to live

The future will see IBM adapting ever more rapidly. As a company that sells 'business transformation,' IBM continues to use its technologies to transform itself and its marketing practices. It recently became the first company of its size to bring the 'agile' principles of software development to its marketing department, stripping out silos and offering radical transparency to aid collaboration, resulting in double-digit marketing-source revenue growth in the last 18 months [20]. In the words of CEO Ginni Rometty: "Know your values, but be willing to change everything else to constantly be essential and be relevant."

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[19] Brand Z, report, 2018 (based on brand value of $96bn, and a Power % of 7.2%, which estimates revenue attributable purely to brand associations)
[20] "How IBM marketing maintains corporate values … and changes everything else" Event Reports, ANA Masters of Marketing, October 2018

## Communication Touch Points

BRANDED CONTENT

EVENTS

GUERILLA

INTERACTIVE/ONLINE

MOBILE/TABLET

OOH

PRINT

SOCIAL MEDIA

SPONSORSHIP

TV

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**Effie Worldwide**
148 Madison Avenue, 4th
Floor New York, NY 10016
Email: cases@effie.org
Tel: 212-913-9772
Fax: 212-849-2756
effie.org  effieindex.com

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