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# TOWARD NEW CITY X BRAND PARTNERSHIPS

## HOW TO HARNESS THE POWER OF LOCAL FOR YOUR MARKETING STRATEGY

This may come as a surprise in these times of ever intensifying globalization, but today's leading global brands are increasingly designing their marketing strategies on a local level and tailoring them to the communities that their customers live in. According to a study by Kantar conducted in 2016 in 44 countries, local brands represent 46% of

global consumption and are growing twice as fast as global brands. This situation has convinced global players such as Nike, Lululemon and Uniqlo to increasingly focus their marketing strategies on "localist" consumers and finding new ways to appeal to them, whether by hosting cultural events, informal meet-ups or offering sports training.

## I// "LOCAL FIRST": THE NEW MOTTO

"Local first" is an undeniable new trend leading an increasing number of global brands to implement new locally adapted modes of production such as tailor-made design, smaller series, decentralized micro-production in fablabs, as well as local sourcing and local certifications (such as the very successful "Made in Brittany" label). In the energy sector for instance, solar, wind and biomass production units are now sprouting in a decentralized fashion in close proximity to both resources and consumers, fully integrating production within the everyday reality of local communities. This trend is extending to governance, spurring initiatives to transpose means of production at a local level, the creation of alternative legal forms such as cooperatives, and stepping up companies' focus on local employment, local crowdfunding as well as fostering stronger links with local businesses...

The fact is going local makes sense every step of the way in terms of sustainability, be it in regard to environmental impact reduction (freight reduction, climate protection) or improving social impacts (eg. reconnecting the people who produce a product with those who consume it in the same community...), cultural diversity (as opposed to the standardization of products designed for global markets) or economic resilience (as opposed to the great vulnerability of communities depending excessively on imports and exports).

Furthermore, key sustainability issues such as mobility, housing, health, food, waste, water, biodiversity are in essence local and therefore best dealt with on a local scale, acting directly where people live, build, eat, create waste etc. This is why both the circular economy and the sharing economy models, which were created to find more sustainable economic models than our existing ones, are necessarily local: to make one's waste another's resource, or to integrate a system of sharing and pooling of resources requires proximity.

Finally, considering how difficult it is to achieve sustainability on a global scale, cities increasingly appear as key players to effect systemic change. Their growing importance is a fact: 53% of the world's population currently lives in a city, a figure set to hit around 65% by 2050. Furthermore, cities are currently responsible for 70% of global CO2 emissions while 60 % of the world's GDP is generated by about 600 cities, displaying growth rates far superior to those of the rest of the economy. Consequently it makes a lot of sense for global brands to frame their strategies at the level of the city as it allows them to act on peoples' behaviors as much as on infrastructures (in the case of mobility for instance) and combine bottom-up approaches (learning from pioneering grass-roots initiatives and what actually works on the ground) with top-down approaches (generalizing best practices by improving norms, regulations, etc.).

## II// RAPIDLY EMERGING "NEXT PRACTICES" IN EVERY SECTOR...

It comes as no surprise in this context to find brands increasingly developing new partnerships with local authorities, in particular with cities, combining their global influence, digital tools and local action to effect optimal change of a more systemic nature wherever they operate. The most notable emerging trends along these lines are:

### 2.1 PLACEMAKING // Retail stores become community places

Our increasingly digitalized and individualistic lifestyles are generating a greater need for real life community, collective activities and sharing. Simultaneously resource exhaustion and the advent of more reasoned modes of consumption are pushing individuals to seek new balance between the possession of material goods and the pursuit of immaterial fulfillment, between not-for-profit or free of charge activities (such family and social ties, gifts, barter, culture, leisure, involvement in not-for-profit organizations, sports...) and exchanges of a commercial nature. Consequently, businesses

are evolving and becoming places where communities gather IRL, where local culture and nature are celebrated, where product and service personalizing is made possible by collaborative and collective processes, where free and not-for-profit goods and services are available for consumption alongside commercial goods.

"To become a great global company, you have to be a great local company and touch people where they live." declares John C. Jay, **Uniqlo's** head of marketing. A commitment the brand is clearly taking to heart: take *Street Tales*, a special project run by Uniqlo's London and Singapore flagship stores collecting unique stories from locals and printing their designs on t-shirts. In London, local artists are also invited to showcase their work and hold exhibitions within the brand's flagship store. In Canada, Uniqlo adopted a unique strategy to launch the brand in Toronto, choosing to establish partnerships with four popular independent local stores rather than open an outlet of their own.



Yoga apparel brand **Lululemon** is another good example: their store concept, *The Local*, is not exactly your regular clothes shop, but rather a retail space conceived as a community generating platform. At *The Local* customers can enjoy free yoga classes, local yoga teachers are invited to teach and become Lululemon ambassadors, local artists are exhibited, community meetings are held, local volunteering initiatives are set up, etc.

**2.2 GROWING LOCAL // Local first spurs business model innovation**



Positive social impact is an increasingly critical factor in business decisions, whether in choosing suppliers or exploring new modes of governance, leading to new emerging business models with a focus on growing local. For instance, Detroit-based watch brand **Shinola**, made popular by Barack Obama, was purposefully created in Motor City to prove that

companies could revitalize Detroit by establishing new high-quality industry and generate employment. 200 jobs have been created by Shinola since 2012, making the brand a local icon (new vintage-style Shinola clocks were installed all over the city in 2014) – the company has extended its operations to produce bicycles, leather goods, pens, stationary and more recently conceiving and running an entire hotel, 100% made in Detroit.

Similarly, **&Pizza** is another American fast-food company operating about 30 restaurants in 5 cities, all of which are conceived with a focus on the local : local artists are commissioned to design them (as is the case with Australian cosmetics brand **Aesop**), Pizza ingredients are sourced locally, the brand runs a "Little Giants" partnership program with local food or beverage brands by which each restaurant proactively incorporates their locals partners' products into their menus (see the illustration, a collaboration with a Brooklyn-based spicy honey brand), while also running another program called "&Charity" which offers different kinds of support to local not-for-profits (offering pizza to the poor, or donating all profit generated one Monday a month to a given organization, etc.).



American fast-food chain **Everytable** was born in Los Angeles from a not-for-profit initiative that set out to address food-related health problems in South LA. In its mission to make nutritious, fresh food affordable and accessible to all, Everytable opened restaurants with 2 pricing schemes depending on the community they were operating in: out of their 7 locations, 3 are established in wealthy areas and offer 8 dollar menus, while the remaining 4 operating in poorer areas offer 5 dollar menus.

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Last example in the food industry : **Zingerman’s** deli, in Ann Arbor (Michigan), has been helping its employees develop their own businesses since its inception in 1982. However, rather than encouraging them to open Zingerman’s franchises in other cities or states, they have focused their efforts on helping them open businesses that complement Zingerman’s offer in Ann Arbor, such as a bakery, a creamery, a restaurant, a candy shop, a coffee roaster, a catering company, leading to the creation of over 500 local jobs in the process. Most recently they have opened a consulting agency dedicated to help other companies pursue a similar growth process!

Now let’s take a look at a completely different sector: in the automobile industry such a local business model may seem impossible to implement considering the complex decision making processes and vast number of powerful industrial players involved in a car’s production. However **Local Motors**, a car producer founded in 2007 in Arizona, has successfully set out to challenge this notion. The company’s business model is focused on small, tailored series designed from open-source platforms and built in micro-factories across 5 cities (Phoenix- Arizona, Knoxville-Tennessee, Las Vegas-Nevada, National Harbor-Maryland and Berlin- Germany). 2 years are all they need to develop a new car model (as opposed to 3 years in the classical industrial model), thanks to the contribution of some 50 000 collaborators participating in their co-design platform, the use of serial parts (an increasing number of which can be 3D printed) and mostly, thanks to decentralized production. And all this for under 50,000 dollars.

This is an undeniable trend: increasing numbers of companies are pioneering new "made in local" or even "made in place" business models to allow products to be produced where they are sold. This trend is further evidenced by the recent success of micro-breweries, which currently produce 12% of American beer and are now also creating a spark in the French beer market, where micro-breweries have doubled in numbers, towering at 900 in 2016<sup>1</sup>.

Global players in the furniture industry are keeping a close eye on the development of **OpenDesk’s** trail-blazing business model, an open-source furniture platform which assembles its products in local workshops, a true revolution in the way furniture is designed and produced which eliminates costly and time-consuming shipping, showrooms and storage.



**2.3 LOCAL BRANDING // Global brands start thinking local**

One last trend is for global brands to shift their local marketing strategy’s focus from mass distribution of their products to community service and problem solving. This trend is driven by corporations’ efforts to better fulfill their societal "raison d’être" as a means of increasing their attractiveness to customers and growing closer to people.

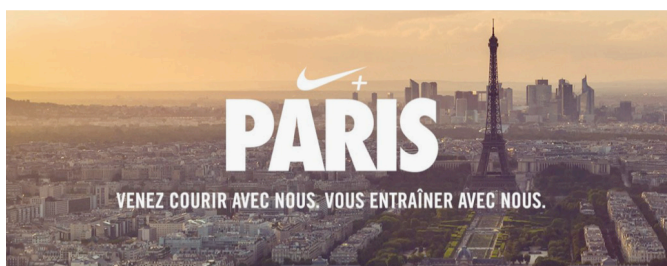
A good example of this trend is the Scandinavian global healthcare company Novo Nordisk, a pioneer with regard to sustainability, founded almost one hundred years ago. Having identified cities as the frontline for the fight against diabetes (two-thirds of all people with diabetes live in urban areas), **NovoNordisk** launched its "Cities Changing Diabetes" program in 2014 in eight pilot cities (among which

Copenhagen, Houston, Mexico City, Rome, Vancouver, Shanghai...). In collaboration with Copenhagen’s Steno Diabetes Center and the London University College, this program set out to better understand the root causes of type 2 diabetes and the social and cultural risk factors involved, with the ultimate goal of improving diabetes prevention. The top priority in this regard is obesity prevention, which is a factor of nutrition and physical activity, two issues that can only be improved by changing behaviors and local infrastructures. NovoNordisk’s program takes on this challenge with over a hundred local partners such as municipal teams, local universities, patient associations, insurance companies, businesses, etc



1 : Les Echos, « Les microbrasseries réveillent le marché de la bière en France », M.J. Cougard, 02/02/2017

A similar initiative has been launched by **Nike**, which has transformed from a shoe and sportswear retailer to a brand whose purpose is to encourage everyone to get physical and practice sports wherever they may be. In its sustainability report Nike states its goal is to have a local impact – since all sports are in essence connected to a place, be it a dedicated sports facility or just a random plot of land used to train. Promoting physical activity in all the cities where the brand is present is now officially part of Nike’s strategy, through partnerships with local public or private entities. Naturally, the brand’s Nike+ smartphone apps are an integral part of this strategy, as they make it possible for anyone to be a part of the Nike community and monitor, geo-locate and share their physical activity via social media. Similarly, Nike+ Run Clubs congregate under the slogan "Join the free revolution!". These regular and free running sessions in the main cities where the brand is present allow for local runners, whether or not they are Nike customers, to meet likeminded people who share their passion for running and create a supportive and resourceful network to share advice, encouragement and make progress together.

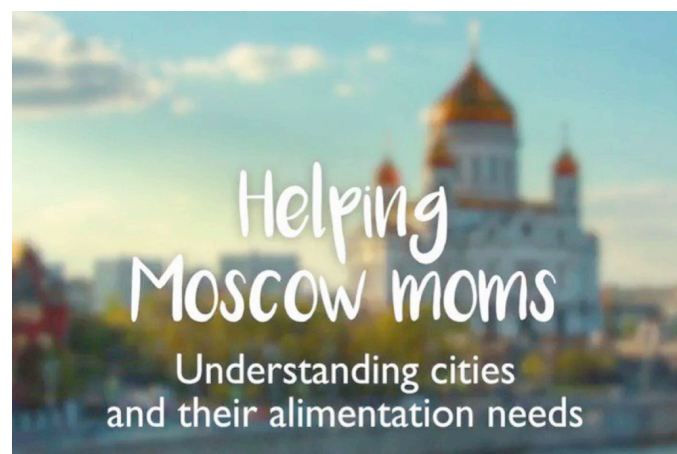


This lengthy initiative has prompted Nike’s competition to react: in 2015, **Adidas** launched Boost Battle Run, a competition that opposed teams of runners from different neighborhoods in Paris. Each team was assigned a crest designed by street artist Frank Pellegrino. 10 famous Paris neighborhoods competed (Abbesses, Bastille, Batignolles, Belleville, Bir-Hakeim, Jaurès, Odéon, Pigalle, République, Sentier) with weekly training sessions and monthly runs followed by festive gatherings... This competition was followed massively on social media. Over 10 000 runners competed (the initial goal was to get 1000 participants), generating 2,5 million social media hits, and over 400 national and local media articles over the 10 months that the operation lasted (half of which concerned the finals) ! This competition has since become a staple of Paris sports life and the neighborhood clubs are alive and very active.



Last but not least, agro-giant **Danone** has been giving this kind of approach a try since 2016 when it launched its Danone City Units initiative simultaneously in Paris, Moscow and New York City. Their goal? To get closer to these communities and more efficiently tailor their brands and products to their specific needs. In Paris, this initiative led to increased transversality and mutualizing between the company’s different branches (water, food products for kids, dairy products) as well as to a more strategic choice in partnerships with local events (such as La Parisienne, a race in which over 40,000 women runners compete, We

Love Green, a local music and ecology festival, or Taste of Paris, a very Parisian gastronomic event). Furthermore, new innovative partnerships were sparked, notably with food-tech start-ups, and collaborations with independent small retailers were fine-tuned (cafés and terraces, newspaper kiosks, grocery stores, etc.) while offering personalized products such as Evian and Badoit "city-bottles". In Moscow the brand’s sales increased some 10% with a similar kind of initiative.



## // CONCLUSION: WHAT KIND OF LOCAL BRAND ARE YOU?

As mentioned previously, refocusing brand strategies on a local level is an emerging trend. To conclude, we would like to offer a list of best practices compiled from the dedicated questionnaire co-created by B Corp and BALLE (Business Alliance for Living Local Economies, who initiated the B Corp standard) to help you get some perspective on your company's situation with regards to these issues. Whether you want to assess your progress or simply get a sense

of where you're starting from if all of this is new to you, reading through this list and ticking the items that concern your organization should help you identify potential future practices that could be fruitful for your company or brand. It is our hope that these new questions will be a step in the right direction for your company, as in the words of Bergson, "a problem well stated is a problem half-solved".

### THE LOCAL BRAND CHECK-LIST

- Your brand or company's shareholders are mostly located in the area where your products are used.
- Your headquarters and/or main production unit are located in the area where your product is consumed.
- Your brand has a network of stores (retail outlets) located in the area where your product is used.
- Your brand displays a specific offer (products or services, commercial or free activities) marketed for their local qualities.
- Your brand or company's main suppliers are located in the area where your product is used.
- Your brand or company has established partnerships and collaborations with other local companies.
- Your brand has set up local volunteering and crowdfunding initiatives for your local customers and/or employees to participate in and thus contribute to generating positive impact on the community.
- Your brand engages its customers, suppliers and other stakeholders in new innovative forms of dialogue.
- Your brand or company is concerned with local job creation and leads initiatives specifically geared toward integrating underprivileged communities to the job market.
- Your brand redistributes part of its profit to local not-for-profit organizations.
- Your brand actively supports an industry or business association to support the growth of local businesses.

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