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## International Faculty Profile

# Bernd Schmitt, Robert D. Calkins Professor of International Business

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*Bernd Schmitt has been profiled on CNNfn's Business Unusual, and has appeared on the BBC, CNBC, NHK and The Daily Show with Jon Stewart. Professor Schmitt is the Robert D. Calkins Professor of International Business at Columbia Business School, where he also directs the Center on Global Brand Leadership and is a noted expert on branding. A prolific writer on the subject, he has written seven books, which have been translated into 16 languages. Professor Schmitt's class is one of the most sought-after marketing electives at Columbia.*

You are considered to be one of the world's leading brand experts, focusing specifically on the customer experience with brands. What is your favorite experiential brand and why?

Well, there are lots of them, and I don't have one particular favorite experiential brand. Take the airline industry, for example. There are two that I particularly like, and they are actually quite different experiences. One is Singapore Airlines, which is a classic in the airline industry. Also, as an experience, they have done a fabulous job not only in in-flight service but also in terms of the check-in procedures and the support you get after you leave the aircraft. I would describe that sort of service as "service excellence"—they are really paying attention to all of the little details. They have excellent quality procedures to make sure that every flight is great for customers. Virgin Atlantic is a very different experience but also one that I like. It's more of a cool, creative experience. When you enter the aircraft, you almost feel like you are entering a nightclub—they have a bar, and they have all sorts of funky service. You can get a massage or other treatments while you're on board. . . . They have cool music playing. . . . The design is very different from the one in Singapore Airlines. For example, the seats are not pointing in the direction of the plane; they are almost diagonal, which creates a great atmosphere.

There are also some classics in experience. Starbucks obviously provided a fantastic mass-market experience in the coffee business. I really like to search out more special, more funky places when it comes to these sorts of consumer industries like coffee or fashion. I look more for the trendy things. Certainly they have done a fabulous job over the years, but they are facing some struggles now with Dunkin Donuts or McDonald's—we know all about that. So they have to further improve the experience and differentiate themselves. But they are certainly a classic.

I'd like to mention of course Apple. I'm not an Apple user [*chuckles*]. Apple is in a way too mass-market cool for me. Everybody runs around with an iPod and they are suddenly fashionable, or they have style because they have an iPod. That's not my style. But again, like Starbucks, they've done a fabulous job in thinking about not only the functionality of the technology products but also how customers use them and what they feel when they are using their products.

What is your least favorite experiential brand? Why?

Well, that's a weird question, in a way. I'd rather say that lots and lots of brands are not at all experiential. You have retail spaces that basically look like warehouses. You have products brought in, and then you put a price tag on it. And you send a jargon-talking salesperson around. Take the consumer electronics business—that's all they do. Or take other retail business, like supermarkets or department stores. They may have the same sort of approach: "Ship the merchandise, and everything goes and takes care of itself." That's not experiential.

There are numerous other categories that are not particularly experiential, like cereals, for example. Not much has happened in many, many years. I mean, sure, they are talking about the ingredients these days, but you don't have anything like a Singapore Airlines, a Virgin, a Starbucks, an iPod or even like a W Hotel or a Commerce Bank. These sorts of brands have rethought about how they communicate with customers. And the same is also true for lots of services. Lots of services sort of deliver customer interaction, and they ship the product to you in time. But for an experience, you need much, much more.

Isn't it expensive to build an experiential brand?

No, it's not. It requires creativity mostly. It's not expensive at all. Of course, sometimes you may need to revamp your retail space, or you may decide—like Apple has done—to set up your own distribution system and flagship stores. And that can be very expensive. They did this because

they felt that their products are not adequately displayed. But it doesn't have to be that. It can also be a simple experience where you just train your employees to be friendly and attentive to customers. And that can be it. So I think it's more about creativity than about money.

But what's the real value? Why should a brand become experiential?

The real value is it provides differentiation in the market. Lots and lots of products are well engineered, because perhaps they may have used Six Sigma or many other processes over the years. But now, how would you show that your product is different from that of your competitors? Differentiation is a key element.

Another important point is oftentimes when you bond customers to your brands—and I think the ones I already talked about are all good examples of that bonding process, such as Apple users, Starbucks users, Singapore Airlines users and Virgin Atlantic users—they become fanatic about the brand. You create customer loyalty. Loyalty is so much better for the business than constantly looking for new customers. Loyal customers forgive you when there is a mistake, and they are often willing to try out new products as the first users. And they are often willing to pay a higher price. There are really multiple benefits to being an experiential brand.

You've lived and taught in many different countries, including Germany, China, Hong Kong and the United States. Can you talk about these experiences?

I like to go different places, because in different countries and cultures you get different students and you need to use slightly different teaching approaches. For example, in Asia—now this is a little bit of a stereotype, but it's also true—students expect more of a typical classroom instruction where they can take notes. They are usually very well prepared. They have read all your books. Sometimes I have students come up to me and say, “Okay, here's page 94 of *Experiential Marketing*,” and ask for a specific explanation of a sentence or two. And frankly, I can't, because I wrote the book years ago [*laughs*]. I often don't remember the specifics.

On the other hand, I personally also try to challenge the students. In Asia, I try to use a more provocative approach, not just the usual lecture format, but also group sessions or creativity exercises. I also like to get them out of the classroom, which I think is very important. We do that in my class here at Columbia Business School as well. We often have a session that is not held in the School, but downtown in places like Google or in a retail environment, to do observations.

I do believe that culture sometimes holds us back from our true potential. So I try to use a variety of different classroom formats, and that's been working for me around the world. I've had great experiences teaching in China and Hong Kong, and also in Germany—my home country—when I was on sabbatical years ago. As a result of these experiences, I set up a center called the Center for Global Brand Leadership here at Columbia. I've set up connections to other centers, so it's become a network of universities around the world that are focused on branding. These include schools in Germany, Spain, Singapore, China and Korea.

Moving from the classroom, do you think the same applies in marketing? Do different regions require a different approach to marketing?

The general principles in marketing are the same but they are also frankly very trivial—principles such as “Pay attention to the customer,” “Segment your market” and “Have a planning process that results in a strategy and an implementation across the four Ps.”

I said they are trivial. However, this sort of thinking and approach still adds a lot of value to companies that are not customer-oriented and are more internally focused. Internally focused companies are not focused enough on specific target groups, and they think they can get the entire market with just one approach. So I guess they are not trivial for those sorts of companies.

In a broad-based planning process, you may still not come out with a great product with market success. So, you need to look at the details. And the details are cultural. They can be in naming, for example. In China, Korea and Japan, it's a big issue because of the writing system. It can be in the colors of the packaging: red in China is a very prominent color; in the U.S., blue is a much more common color, especially in business. It can also be in the advertising approach: In some countries, you can be very aggressively going after your competitors; comparative advertising is very common. In others, it is not considered appropriate—not just legally but also culturally. So these sorts of things are very important to consider.

You grew up in Germany and pursued further studies in the United States. How did these experiences shape the way you think about things or the way you teach?

There's a quite a difference in business schools in Germany compared to the U.S. system. However, I must say that the German system is now moving towards the U.S. system. In general, U.S. society is more entrepreneurial and a more exciting environment, especially here in New York. So I've never regretted coming to the U.S., and now I'm a German and an American

citizen. But I also like to go back to Germany to do research and to speak there. I've done projects for major German companies recently, like Volkswagen or Siemens. In fact, now I am able to think with this bicultural perspective, which can really add value. For example, when I talk to German companies, I add more of the marketing sass to the approach.

In your class, I remember you talking about personal branding and challenging us to think about ourselves as brands with distinct equities. You personally apply this, both inside the classroom, referring to yourself in the third person as "SCHMITT", and outside—for example, meetSCHMITT.com, SCHMITTblog.com, the SCHMITTberry. Can you talk about the Schmitt brand? How does it manifest itself, and why do you think it's important to brand yourself?

I'm trying to live what I preach. I talk about branding as my expertise, and that's what I teach. So I also better brand myself! I think if you are in marketing, you better market yourself very well, because you can really use yourself as an illustration of what you are talking about. And that's why I decided 8 to 10 years ago to set up meetSCHMITT.com, which is my Web site. That's why I decided 2 to 3 years ago to have my own blog when blogging became hot. Blogging is tipping off a little bit, so I don't blog as much anymore, but I still keep the blog running. That's why on my Blackberry it doesn't say, "Sent from my Blackberry"—why should I advertise the company when I can advertise myself? So I changed the setting to say, "Sent from my SCHMITTberry."

I think everybody can do that—definitely, everybody who is a public persona. And I am, because I give speeches around the world on my books. I also do consulting with major companies. So for me, I am very much in the limelight, so to speak. So it's to a certain degree a show. I have also tried, which you may have noticed, not to be too serious about it. These sites are humorous—I make fun of myself while still being professional. So, that is the brand image I create. SCHMITT is this person who's a little bit different from your typical business professor, he's a little bit different from your typical consultant or from your typical speaker. That's why you find terms like *iconoclast* and *provocateur* and *el tremblor de la marca*. These were terms that were actually used in different press publications about me and my work. That's what I've done, and I think it's working for me.

I am especially intrigued by the words you use to describe your brand, specifically, the words *iconoclast*, *provocateur* and *el temblor de la marca*. Why did you choose these words?

An iconoclast is somebody who breaks the rules; a provocateur is somebody who tries to challenge people. And *el temblor de la marca* is somebody who shakes up the world of branding. So I try to look at myself as creative and rule- and convention-breaking. As a personality, I get bored very, very fast. I'm just unable to do the same thing over and over again. There are people who write the same books, who work on the same research and the same concepts from the beginning of their career to the end of their career—to the end of their life, often. I have never been able to do this.

I started out as a psychologist; I have a PhD in psychology. When I first came to Columbia Business School, I taught courses that are very close to psychology, like consumer behavior or advertising. I later taught marketing strategy. Nowadays I teach courses on corporate creativity and experience. My academic work started out with attitude theories—again, very close to psychology. I branched out into language, and nowadays I do work on creativity and innovation. So I just like to move on and do different things. It keeps me young, I suppose.

On SCHMITTblog.com, you write about a replica of a Trojan horse that you bring wherever you talk about your book *Big Think Strategy*. Tell us about it—what does it signify?

In one of my projects—that actually served as the inspiration for the book *Big Think Strategy*, where I use the Trojan horse as a metaphor—one of my clients demanded something completely new, and I remarked on the similarity with a Trojan horse. They wanted a creative idea, just as Odysseus had that creative idea with the Trojan horse. That horse ultimately ended a 10-year stalemate, because the famous general Agamemnon continuously tried to use the usual strategies and implementations in warfare that didn't lead anywhere. So the Trojan horse, I think, is a great example of the type of innovative, new, sometimes whacko-maverick thinking that can change things overnight—that can change a war overnight, as the story of the Trojan horse goes. It can also change markets overnight, meaning competition will be different and consumer preferences will change.

Just think about the iPod, and think about what had happened 8 to 10 years ago in the music business. They saw no solution when the digital revolution caught on. So with the iPod and iTunes, there was suddenly a platform to make money and get customers to buy music in a digital world.

The same is true for Starbucks when it revolutionized the coffee market. Since then, we don't expect our coffee just to be sugar or with cream or just black. We expect so much more; we expect all sorts of different offerings. We also expect an environment where we can have coffee and which also includes other things, like listening to music or access to the Internet. So these are all in a way "Trojan horse approaches"—the creative thinking that changes markets overnight. And these are the examples and cases that I use in my book. Incidentally, the title of the Chinese edition that is coming out soon will be *The Strategy of the Trojan Horse*—an anti-Sun-tzu, so to speak.

I also use the Trojan horse sometimes in my speeches. For example, Siemens flew that Trojan horse that I built with Shanghai craftsmen to Munich when I gave a talk for them in the Greek-Roman museum there. So imagine, there are all these clients of Siemens as well as Siemens managers sitting in the museum reflecting about the Trojan horse and Big Thinking, and we're surrounded by all these sculptures and my Trojan horse.

You launched the book in New York, Dubai, Hong Kong and Munich. Can you talk about why you chose those cities? Is marketing done similarly or differently in each of these places?

I must admit that they were not strategic choices. New York, obviously, since I'm based here. We held the launch party in a very attractive place in Chelsea. We did all sorts of installations; I didn't just give a speech and sign books—that's a very boring approach. We had installations that related to different parts of the book. You could get a haircut or play foosball somewhere, and you could watch the movie *Fitzceraldo*, and you could get a "SCHMITTini"—that was the signature drink of the night! The others are favorite cities of mine. I love Shanghai and Munich—both very different kinds of cities. Dubai came about because I had a trip there, and there was a company that financed it and wanted to be involved.

What's next for SCHMITT? Are you working on a new book?

My research focus is on experience and innovation, the same topics I pursued in my last two books, *Customer Experience Management* and *Big Think Strategy*. I always have ideas for a new book, but I won't share them with you [*laughs*], because there are several of them and I don't know which one I'll use as a book. But they are all in the area of trends, lifestyles, creativity and also, to a certain degree, the personal HR realm. We talked about personal branding earlier. So

the question is, “What can you do as a person, or what can you do with your workforce, to make your whole organization more creative and help them live more creative but also richer lives?” So the new ideas are all around that, but none of them have been fleshed out enough yet to turn in a new book.

Can you talk more about your research focus? You mentioned you were pursuing experience and innovation further?

Oh, you don’t want to hear about my research [*laughs*]. Let me tell you, it’s like most research: it’s extremely detailed and . . . for example, just to scare you off, I just completed a structural-equation-model approach on perceived innovativeness. And I’m also doing a customer-experience scale, where we’ve done analysis on discriminant and convergent validity and test-retest reliability and criteria validity. Oh, you get my point, right? [*smiles*] Weird, academic stuff.

But that’s how research is. It’s often very technical, it’s very detailed, but the topics, of course, are very relevant to businesses. I have done research on an experience scale with a couple of my coresearchers because I’ve been asked by businesses about how to measure experience. When we create experiences, how do we know we’ve created the right one? And this scale is useful in doing that.

I am also working on perceived innovativeness. I feel that innovation is defined only from the firm’s point of view—or often in terms of technological innovation. Sadly, it is not defined from the customer’s point of view, where, for example, a new technology may not be seen as innovative. On the other hand, a small change on one of the features—that an engineer might consider to be largely irrelevant—can make a major difference for customers. This is because customers also judge whether something is innovative in terms of lifestyle or design, et cetera. So I felt it necessary to create a model and approach that recognizes that innovation is not only engineering-focused but also customer- or more customer-lifestyle focused. But the details of the research, I don’t think you want to hear about! [*chuckles*]

Your Managing Brands, Identities and Experiences class is consistently ranked among the best marketing electives at Columbia Business School. Can you talk about the class more? Why do you think students like it so much?

Well, let me first talk like a politician. I am delighted and honored that the course is doing that well. And I think it’s a different course in the sense that I am trying to do several things at the

same time that we often don't do in business schools. There is an analytical part to it, and there is also a creative part to it. There is an experiential-learning part to it, when we go out of the classroom. There is something that has personal relevance.

We just don't talk about brands in terms of mass-market consumer goods, but we also talk about brands in terms of "Can you yourself be considered a brand?" And I think in that way the course is different from other courses. And it seems to be working. And I also bring in my own personality, I guess, to illustrate branding, and I think that's considered fun as well. So I don't know why it works so well and why students like it, but I'm guessing these are a couple of the things that are different from other courses.

And I think if you're sitting as a student through your accounting or finance or marketing courses and you learn about strategy or about numbers or spreadsheets, you may want to have a break [*chuckles*] and also use other parts of your brain, and that's what my course allows you to do!

**What advice can you offer students wanting to pursue a career in marketing?**

First of all, it's a lot of fun. Marketing can be very different if you make it work for yourself. And to make it work for yourself, I feel you need to enter not just a marketing job but an industry you are truly interested in. It could be healthcare, it could be beauty and cosmetics, it could be financial services, but go for something you are really interested in, that you know a lot about and that you are excited about.

I am very, very much excited about my work. And I believe you can only do well in your job if you are motivated by something besides money. In my case, it's being creative and doing things in a new way, it's about going to different places around the world and not just sitting in your office—and that's working for me. And you need to find out what's working for you, especially in marketing, which is about customers. Marketing is about issues outside a business, not just internally.

If you have some interest in the product category, if you find it exciting to understand customers, if you find it exciting to look at yourself as a customer, I think it can really be a great career!