

# How I Did It...



**Daniel P. Amos** became the CEO of Aflac in 1990, making him one of the longest-tenured CEOs in the *Fortune* 500. Since 2001 he has also been Aflac's chairman.

# Aflac's CEO Explains How He Fell for the Duck

by Daniel P. Amos

## THE IDEA

Ten years into an ambitious advertising campaign, Aflac still had low name recognition. Would a noisy duck do any better?



**T**he Aflac Duck is a rock star in Japan. That's the only way I can describe how big he has become there. In a down economy, Aflac Japan's sales increased by 12% in 2003, the year we introduced the duck. Today we insure one out of every four Japanese households and are the leading insurance company measured by number of policies in force. We took that title from Nippon Life, which had held it for more than 100 years.

In 2009 our Japanese marketing team introduced a new incarnation of the duck for a new insurance product. It's a mix of our duck and the traditional Asian good-luck white cat, Maneki Neko. The cat duck has become so popular that our newest commercial was voted number one in Japan. A giant plush version of Maneki Neko Duck toured the country by bus, drawing crowds as big as 20,000 in city after city. At each event we set up tables where we were able to sell policies to enthusiastic fans.

How did we even get to this point? What made our white duck a sensation in Japan when the original Aflac Duck commercial aired there? More important, how has it helped drive revenues up by 44% since 2003? Aflac's revenues in 2008 were \$16.6 billion, with 70% of that coming from Japan.

No one is more surprised than I am.

### Making a Name for Aflac

The Aflac Duck was created to increase the company's name recognition in the United States. When I first became CEO of the American Family Life Assurance Company, in 1990, I reviewed all of our operations and decided to sell or close the ones that were underperforming in order to focus on Japan and the United States, the two biggest insurance markets in the world. I took the \$8 million we saved by closing those operations and launched a name-awareness ad campaign in the United States. Our name recognition at the time was about 2%. Nearly a decade later it was still below 10%. At that rate, I realized, I'd be retired before we reached 25%. We had to do something dramatic.

Keep in mind that the company's name was originally American Family Life Insurance Company. "Insurance" was changed to "assurance" as the result of a gentleman's coin toss between our former CEO and the head of a Wisconsin insurance company of the same name. But I could see that we still had trouble distinguishing ourselves from the scores of other companies whose names began with "American." A radical

"Well, there's this duck," I'd say. "And he quacks *Aflac*."

The response was always the same:

# a silent stare.

name change would have been impractical, because we would have had to give up all our insurance licenses and reapply for new ones in every state. So rather than try a brand-new name, we decided to go with our acronym, Aflac.

In the late 1990s, we thought it was time for some new television advertisements, so we invited several agencies to pitch us at the same time in a creative shoot-out. We reviewed at least 20 different concepts and set out to test the best. The top two agencies were allowed to submit five ads each for testing.

One of the agencies was the New York-based Kaplan Thaler Group, whose creative guys came up with the idea of the Aflac Duck because they'd been having a hard time remembering our name. One day, one of them asked, "What's the name of the account we're pitching?" A colleague replied, "It's Aflac-Aflac-Aflac-Aflac." Someone said that he sounded like a duck, and the idea was born.

Kaplan Thaler decided to risk pitching the duck, hoping that we wouldn't be offended by the commercial's making fun of our name. With some trepidation, we

### Incarnations of Aflac's Branding Mascot

Aflac's 2008 revenues were \$16.6 billion—70% of it from Japan.



Maneki Neko Duck



U.S. commercial clip

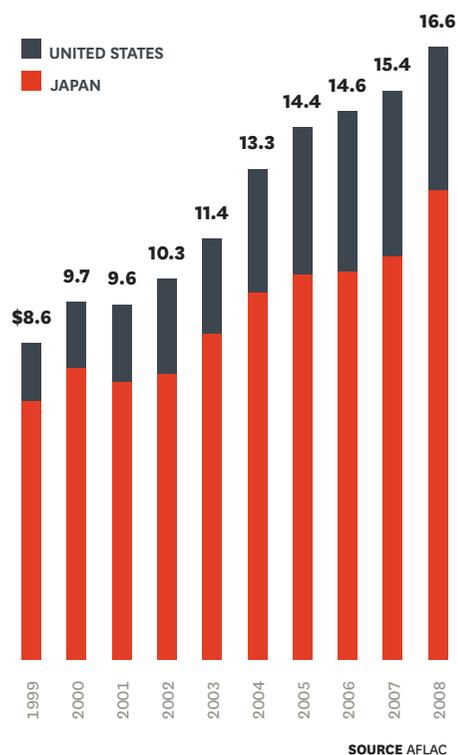


Japanese commercial clip

## Growth in Aflac's Two Key Markets 1999–2008

Since Aflac introduced the duck in its commercials, the company's combined revenues in the U.S. and Japan have markedly increased.

TOTAL REVENUES US\$ (BILLIONS)



agreed to let the agency test the commercial, along with some other concepts, to determine which of them was the most memorable.

Our previous commercials had consistently underperformed other financial services ads, which earned, on average, a 12—meaning that 12% of people polled recalled the company's name after watching the ad. In six years only one of our commercials had earned a 12.

In the Kaplan Thaler testing, one of the highest-scoring concepts featured the actor Ray Romano, whose hit television show, *Everybody Loves Raymond*, was then at the height of its popularity. At the end of the commercial, some children who were playing with blocks spelled out "Aflac." The ad scored an 18—more than 50% better than we had been doing. I considered it a bird in the hand.

But that darn Aflac Duck scored a 27.

We had a dilemma: Should we go with a commercial so bold—or with the gentle Ray Romano commercial that performed much better than our traditional ads? I asked one of my CEO friends, who said, "Nobody ever got fired for doing 50% better. Go with the safe choice."

But I couldn't ignore that 27.

### A Duck in the Hand?

When I tried explaining to people what we were thinking about, no one got it. "Well, there's this duck," I'd say. "And he quacks Aflac." The response was always the same: a silent stare. So I stopped telling people. I didn't even tell our board; I just said we were trying something very bold and creative for our advertising campaign. It's difficult to explain, I told them, but we've had it tested, and the numbers are amazing.

Having gotten my college degree in risk management, I was committed to making the decision the way I'd been taught: Don't risk a lot for a little; don't risk more than you can afford to lose; and consider the odds. We were going to invest \$1 million in the initial ad campaign. That's a lot of money, but we could afford to lose it, and I

knew the odds. I decided that we'd run the commercial for two weeks and monitor every second. If it went badly, I was just going to pull it. At that time, we weren't sophisticated enough to realize exactly what we were doing. We were just going to test for name recognition afterward.

The first Aflac Duck ad debuted on New Year's Day, 2000, on CNN. It ran four times an hour. I knew that businesspeople would be watching CNN all day to see if the Y2K virus had wreaked havoc. So it was a great slot for us to gain maximum saturation. I watched it myself, over and over, still not sure if this would work.

Success was immediate—in fact, it was overwhelming. Our first day on the air, we had more visits to our website than in the entire year before. Within weeks we were getting requests for a stuffed-animal version of the duck. We didn't know how to manufacture ducks, but we quickly came up with a plan and decided that all the proceeds would be donated to the Aflac Cancer Center, in Atlanta. Within just a few months we had generated \$75,000 for the cancer center.

I'm not sure I really believed that the duck was a success until a few months later. We were sponsoring an event at Disney Studios in connection with the Democratic National Convention in Los Angeles. We didn't know whether it would be a good idea to put ducks on all the tables—the kind of thing we'd ordinarily do as an event sponsor. This was a crowd of 500 movers and shakers. I didn't want to be embarrassed if no one took the ducks. I paid almost no attention to what anyone was talking about that afternoon; I was just watching to see if ducks were left on the tables.

By the end of the event, they were all gone. I spotted the head of Disney Studios with a bulge under his jacket. When I jokingly asked him what was going on, he said, "I want you to understand that Donald is always the king around here. But I want to take one home to my kids." That was it for me: the confirmation of confirmations. I knew we had a winner and we had to play it for all it was worth.

What remained to be seen, however, was whether we would achieve our business goals. That question was answered swiftly: In the first year our sales in the United States were up by 29%; in three years they had doubled. Our name recognition was up to 67% after two years of running the commercials. We increased our ad spending in proportion to growth. Today it's at \$65 million, and our name recognition is higher than 90%.

### The Duck Goes Global

When I decided it was time to bring the Aflac Duck to our Japanese market, I assumed, on the basis of the duck's tremendous success in the United States, that my idea would be eagerly received. But although I was excited about the notion of synergy and consistent global branding, our Japanese marketing director was not.

Aflac had been in Japan since 1974, and we were one of the most profitable companies operating there. But the marketing director felt no burning need to change his

strategy. Although the Aflac Duck had become integral to who we were in the United States, he could not imagine that a white duck would sell insurance in Japan.

I'm not sure he understood the connection—maybe because in Japan a duck doesn't say “quack-quack,” it says “ga-ga.” Not to mention that in Japan the company was known by its full name: American Family Life Assurance Company. I began to understand the challenge for him. He did, however, halfheartedly agree to dub a U.S. commercial into Japanese and see how it did. Not surprisingly, it didn't do very well. I learned a valuable lesson from this experience: If you don't have buy-in from the people you're leading, your ideas won't work.

For a year and a half, I let my idea go. But it stuck in my mind. So I tried again. I told the marketing director that I wasn't going to force him to do this, but if he could find a way to make the duck work in Japan, I'd pay him a \$50,000 bonus at the end of the year. Miraculously, angels must have come down and spoken to him, because lo and behold, he decided it might be a good idea to try the duck.

Once I had his buy-in, Aflac Japan helped make the appropriate cultural adjustments. First of all, the comedian Gilbert Gottfried's voice, which we used for the American duck, didn't work in Japan. People thought the duck was yelling at them. So we used a softer voice. And in the United States, people identify with the boisterous Aflac Duck who struggles to be heard. How-

The duck has  
**165,000**  
Facebook fans in the United States.

ever, in Japan it's extremely rude to ignore people—or ducks, for that matter. So the Japanese duck interacts with people. He's a sage financial adviser who helps protect families.

#### Duck Wranglers Needed

Making a commercial in Japan with a real duck wasn't easy, because the Japanese weren't used to using live animals in ads. We had to fly in several people from our U.S. operation and a duck-wrangling crew for the commercial shoot. I'm pretty sure our Japanese colleagues thought we were *toppyoushimonai* (crazy) for doing all this. But they were committed to making it work in spite of their doubts.

The Japanese Aflac Duck ads exceeded our wildest expectations. Various versions of the jingle from the commercials became the number one downloaded cell-phone ringtone in Japan. Following our lead in the United States—where the duck has a Twitter account and 165,000 Facebook fans, and YouTube is filled with parodies

of Aflac commercials—Aflac Japan started marketing to the social media and created a website that allows people to rework the song the duck sings in Japanese commercials. In the website's first two months of existence, 100,000 people posted spoofs. (By early November 2009 that number had reached 200,000.)

So, how committed am I to the Aflac Duck? Well, in aid of branding, I wear only ties that have ducks on them. If I see a duck tie in a store, I buy it in every color. When we designed an addition to our corporate headquarters in Georgia, I told the architects that the only thing I insisted on was a duck pond. After all, when people came to headquarters, they wanted to see the Aflac Duck.

Recently, when I was talking to our executives in the United States, I described how the duck had morphed into a cat duck to introduce a new product in Japan. It reminded me of how, when I was first interviewed in Japan about our commercials, people asked me repeatedly to explain why we had picked a duck. I kept telling them that a duck says “quack-quack” in America. But no one got it. So I just started saying “Ducks are cute.”

As I explained the cat duck to the U.S. executives, I had a similar feeling. All I could say was “Trust me, this works in Japan.” By the end, every last one of them wanted a cat duck to take home. I swear, the Japanese are on to something with this cat duck campaign, but I haven't figured out how to make it work in the United States. I'll keep thinking. ♡

In two months,  
**100,000**  
people posted spoofs of the  
Japanese duck's song online.

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