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Market Leader

NEW THINKING, DIFFERENT PERSPECTIVES

50 YEARS OF THE MARKETING SOCIETY

Marketing the big picture Philip Kotler David Aaker Hugh Davidson Laurie Young Andrew Marsden Products and services Patrick Barwise and Sean Meehan Retailing Michael Jary Branding John Quelch and Katherine Jocz Kevin Lane Keller Nick Baker Rita Clifton Paul Feldwick Innovation Richard Scase Jeremy Bullmore Digital landscape Melanie Howard Mark Sherrington Andrew Green Environment John Elkington

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Marketing: the unappreciated workhorse

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The venerable Peter Drucker was an early fan of the new field of marketing. He struggled to explain it as a customer-centred discipline involving value creation. He wanted so much to disengage it from its confusion with selling that he penned the challenging statement: 'The aim of marketing is to make selling unnecessary.'

Yet Peter Drucker's view of the role and importance of marketing still needs to penetrate the thinking of companies and the public at large. We need to seriously address the following questions:

- How is marketing seen by various publics?
- What is marketing's real role?
- What can marketing do to gain a better public understanding, image and influence?

HOW IS MARKETING SEEN BY VARIOUS PUBLICS?

Every profession has its critics. Physicians and educators are not immune from criticism even though most people see them as strong contributors to others and to the public good. As for lawyers, their critics are too numerous to count. And sales and marketing people receive a continuous barrage of criticism.

Let's examine how marketing and marketers are typically viewed by the following five key parties:

1. sales force
2. chief financial officers (CFOs)
3. chief manufacturing officers (CMOs)
4. chief executive officers (CEOs)
5. the public.

Sales Force View

It may seem odd to state that the sales force itself has major misgivings about marketing. We thought that marketing and the sales force work as allies to help garner as many orders as possible. But sales people are among the first to criticise marketers.

- Marketers spend too much money on advertising that we could use better to strengthen our sales force.
- Marketer's ads don't impress us, nor do many of their brochures and collateral material.
- Marketers set prices too high, making it harder for us to sell.
- Marketers don't understand customers like we do.
- Marketers don't add product features and services that will help us clinch orders.

Three of us took up the challenge and co-authored a *Harvard Business Review* article, 'Ending the war between sales and marketing'[1], where we examined the causes and the cures of this problematic relationship.

Chief Financial Officer (CFO)

A company's chief financial officer typically views marketing budgets with scepticism. The CFO sees marketing as asking for a lot of money but rarely accounting for its ROI. The CFO expects ROI estimates from other departments such as when manufacturing wants to buy a new piece of capital equipment or when the purchasing department decides on new materials. But marketing acts as if it is exempt from this responsibility.

Yet marketing is not alone: R&D and human resource departments don't provide ROI estimates for their proposals. Why should marketing be singled out? But it is true that marketing needs to start doing a better job of estimating and documenting the financial impact of its campaigns.

Chief Manufacturing Officer (CMO)

The manufacturing group has a lot of complaints about marketing. Marketers want to put too many 'bells and whistles' on products that only add to manufacturing expense. Marketing runs frequent promotions that require adding another production shift to prepare a larger volume, only to be followed by a subsequent cut in production. Marketers push for special short production runs to customise some of their offerings. All this increases the costs of manufacture.

Chief Executive Officer (CEO)

Many CEOs see marketing as largely a cost instead of an investment and a profit contributor. They see marketing as spending a lot of money with little short-run return. They read research reports filled with words and numbers that convey little customer insight or original thinking. They approve large expenditures on advertising campaigns and yet their acquaintances don't remember seeing the ads or remembering the message. CEOs want harder marketing evidence that marketing has increased sales, and yet all they get are measures of increased consumer awareness and knowledge. No wonder companies often replace the chief marketing officer every two years or cut the marketing budget as soon as the economy shows signs of slowing down. Rarely are marketing vice presidents active participants in senior management strategy decisions.

The Public

The public has an uneasy feeling about marketing. People remember the Vance Packard diatribe against marketing in his *The Hidden Persuaders.* There is a widespread feeling that marketers manipulate us into buying products that we don't need or even initially want. Marketers are seen as planning product obsolescence so that we get dissatisfied with yesterday's computer or camera and have to buy a newer model. Marketers keep interrupting us with unwanted and irrelevant commercials everywhere we turn. Marketers don't care if the product is good or bad for us, only if it is sold. The society ends up with overconsumption, high credit debt, material waste and a deteriorating environment.

WHAT IS MARKETING'S REAL ROLE?

All these critics have a love/hate relationship with marketing. They have a vague understanding that marketing is somehow necessary, somehow inevitable, somehow bad and somehow good.

I will describe four positive roles that marketing plays in society.

First, marketing has helped give birth to and gain acceptance of new products, many of which have eased or enriched people's lives. The housewife no longer has to work for hours in the kitchen preparing food and afterwards washing dishes by hand. She has a modern refrigerator, stove, dishwasher, washing machine and dryer; few homemakers would accept being without them. These appliances have emancipated women. And today's students have a computer, printer, scanner, camera, iPod, a PDA and a cell phone, none of which they would give up. Some of these new products were resisted at first, but thanks to marketing and sales efforts, they soon gained broad acceptance and use by the public, without any regrets.

Second, marketing is a powerful force for improving existing products. Products draw competition. Marketers have to fight clones by differentiating and improving their offerings. A company's marketers constantly search for ways to make the company's offerings different and better so they will be preferred in the marketplace. The pressure to compete through differentiation leads to continuous improvements of product and service offerings.

Third, marketing helps create and sustain jobs. We are not talking about marketing jobs, although they are also created. We are talking about all jobs. Jobs exist to create goods and services. When the public doesn't buy these goods or services, these jobs vanish. When marketers successfully push the sale of products and services, they are sustaining employment. The intense marketing of credit and goods and services plays a key role in creating a dynamic and growing economy.

Fourth, marketing, or *effective* marketing, improves the bottom line for most companies. In spite of the difficulty of measuring many types of marketing investments, we have to assume that most CEOs acknowledge that marketing contributes to their profits. If they felt otherwise, they would reduce or eliminate the marketing department and budget. There is no reason to sustain marketing in so many companies if it doesn't contribute to the top line and the bottom line.

CHANGING THE UNFLATTERING PERCEPTION OF MARKETING

Marketing can improve its image in different groups by taking four steps.

First, marketers need to improve their metrics and measurement of the financial impact of their marketing activities and campaigns. Senior management is losing patience with marketing over the lack of marketing results measurement. The good news is that several people in academia and business are working on this problem and proposing new tools and solutions.

Second, marketing may need to prepare an educational campaign to inform the public about what marketing is, why it does what it does, and how this contributes to the lives of individuals and to the body politic. Too many people see only the tip of the marketing iceberg, namely TV and other ads, and wrongly identify it with the whole of marketing. They don't know anything about the research, product development, distribution planning, and other marketing activities that go into creating, communicating and distributing attractive products and services. I can imagine one page ads carrying the headline 'What is Marketing? Does it Contribute?' with text answering a set of brief questions about marketing. Beyond this, I would like to see a course in marketing or market economics introduced in high schools. This

has already been proposed in Holland.

Third, marketers must build better working relations with their colleagues in the other departments of the company. Marketers must explain their role and how their actions support the other departments and the company's overall performance.

Fourth, marketers must publicize their work in social marketing and place marketing. Persons should become aware that many highly regarded social causes (anti-smoking, say no to drugs, exercise regularly, eat healthier foods) are helped considerably by social marketing research and messages. And many places that lack enough tourists and businesses are helped by place marketing campaigns using the latest marketing thinking and practice.

Clearly these are only first steps in a sustained campaign to bring members of the public and businesses to understand and recognize the contributions that marketing makes to individuals, communities, and the economy as a whole.

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Spanning silos: a marketing imperative

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Virtually all organisations from IBM to HP to Unilever to CitiGroup, are collections of silos – organisational units that have their own management team. Product silos, are business units defined by product or service offerings and country silos, are geographic silos defined by countries or regions. In addition, there are functional marketing and communication silos striving, often in vain, to achieve integrated marketing communication.

Most organisations are proud of their decentralised product and country structure, and with good reason. Decentralisation potentially involves management teams that are intimate with customers and markets, conversant with products and applications, close to competitor strategies, accountable for results, and empowered to act quickly. Strategy can be delegated to contexts that are relatively simple and narrow in scope.

However, especially in periods of financial stress, relying on an unfettered decentralised organisation with highly autonomous silo units, even with all its attributes, is no longer competitively feasible. Success and sometimes even survival requires addressing the silo-driven problems. There is a need to replace isolation and suspicion with communication and cooperation.

One question is, why? What is the payoff for the organisational stress that will ensue? Another is how? If it were easy, it would already have been done.

This article is based on a longer piece 'Marketing in a silo world – the new CMO challenge', published in the *California Management Review,* Fall 2008. Both are drawn from the book *Spanning Silos: The New CMO Imperative* published by Harvard Business School Press, 2008.

SIX DEBILITATING PROBLEMS DRIVEN BY A SILO STRUCTURE

In order to identify silo issues and solutions, over 40 people in CMO or comparable positions were asked to describe silo-created problems and what approaches work to alleviate those problems.

The research identified at least half a dozen specific problems or missed opportunities that are created or worsened by the silo structure. Individually and collectively they provide a rationale for harnessing the silo energy so that both business and marketing strategies can emerge and succeed. It is important to understand these problems, not only to motivate change but to provide a change target.

Marketing Resources are Misallocated

Silo teams are organisationally and psychologically unable to make good cross-silo resource allocation judgements. Such judgements require a hard-nosed analysis of the potential of the business of silo units using cross-silo data plus specialised frameworks and methods that will seldom be developed outside of a central marketing unit.

Without centrally driven discipline, allocation is usually made by political forces with each silo telling the best story imaginable in order to retain its own cash flow and earn its share of new investments. As a result the largest and most established silos usually receive the bulk of the resources because they can pay their own way and painful investments of corporate resources do not appear to be needed. Smaller but strategically important and/or growing silos or even product-markets on the drawing board may be superior recipients of marketing resources but tend to be underfunded, to the strategic detriment of the organisation. And white space between silos does not get accessed at all.

Silo-Spanning Brands Lack Clarity and Linkage

Too often a master brand, perhaps even the corporate brand, is shared by many, sometimes all, silo groups. Each silo is motivated to maximise the power of the brand without any concern for the brand's role in other business units. Especially when there is overlap in markets, inconsistent product and positioning strategies can damage the brand and result in debilitating marketplace confusion. Having a mixed brand message also makes it hard to convince the organisation that the brand stands for something and it is worthwhile to have discipline in being true to that message.

Silo-spanning programmes are inhibited

Many potentially effective marketing programmes are not cost-effective for a silo business that lacks the necessary economies of scale. When silo business units are aggregated across products or countries, the economics change. Programmes like the World Cup sponsorship, the cost of which can be spread across countries and/or products, become feasible. Others simply become more efficient and effective. A hotel loyalty programme like that of Starwood or Hilton becomes more efficient when it is spread over half a dozen or more chains than when one must cover the cost. Further, it is more effective because the value proposition for the customer is enhanced. When competitors are exploiting scale economies, you are swimming upstream by clinging to a silo world.

Cross-Silo Offerings are Mishandled

Silo barriers can seriously inhibit the development of cross-silo offerings. That was certainly the case at Sony in 2005 when Howard Stringer as a new CEO attempted to implement a strategy of connecting TVs, music players, PlayStations, and Sony's download network. Sony was described as being 'dys-functional with divisions guarding their territory so fiercely that managers working for one division wouldn't return phone calls from their counterparts in other divisions.' Customers are looking for silo-spanning offerings. Wal-Mart wants to do business with P&G and not with dozens of product divisions. Citibank wants suppliers that interact globally, to avoid country-by-country relationships.

Management Competences are Weakened

Today marketing needs to draw on specialised skills in multiple areas such as digital marketing, CRM programmes, marketing effectiveness modelling, social technology, blog management, sponsorship management, PR in an internet world, and on and on. Further, all of this needs more than ever to be integrated and guided by brand and marketing strategies. It simply does not make sense for a silo group to attempt to create these kinds of assets and skills; in fact, it usually is not feasible because the silos lack scale. Further, redundant marketing staff results in costly inefficiencies and limits career opportunities and speciality growth. At Dell Services, one of two major reasons that global marketing was centralised was to create a stronger, more professional marketing team that would operate without redundancy.

Success is Not Leveraged Across Silos

With a multi-silo organisation, pockets of brilliance may result but they will tend to be isolated and rarely leveraged. It is not enough to have a success here and there. Maybe and occasionally are not good enough. The key to moving from good to great is to develop an organisation that will identify marketing excellence within the silos and be nimble enough to leverage that excellence.

Excellence can take many forms. It can be offerings that work. The Dockers clothing line, which became a huge success for Levi's, for example, originated in South America. The innovations at Dryers Ice Cream, such as DIBS (bite-size chocolate-covered ice cream) were rolled out into other countries by Nestlé's central ice cream global marketing group. It could be best practices involving positioning, advertising, promotion or sponsorships. Pantene's position around the tagline 'Hair so healthy it shines' was developed in Taiwan. In any case, market experience that helps one silo and fails to be leveraged is a missed opportunity.

ENTER THE CMO

Recognising that autonomous silo organisations are no longer a viable option, there are a host of firms that are developing, expanding or energising the corporate CMO position, and creating or enhancing the supporting central marketing group. The task is not easy for sure. Efforts by a CMO and his or her team to gain credibility, traction and influence represent a formidable task in the face of silo indifference or, more likely, resistance. Succeeding and even surviving in this effort is at best uncertain. As result CMOs last only a few years; in one study the tenure of CMOs was found to average 23 months. This amazingly short window reflects the difficulties of the new CMO's job even when the assignment is labelled to be a strategic imperative. The CMO faces several barriers.

First, silo managers perceive any move to centralise marketing management to be a threat to them. They resist any effort to restrict their ability to control all the levers around marketing and the brand, believing that their performance, to which they are held accountable, will suffer and that they know the market best. Removing degrees of freedom from the silos is perceived as being not only unwise but also unfair given that it could affect results that determine their compensation, recognition, and career path rests on the performance of their silo operations.

Second, silo managers are not motivated to undertake silo-spanning activity. Their reporting structure and performance evaluation system, both of which are tied to personal advancement and compensation, are silo defined. In most cases, there is simply no incentive for them to collaborate across silos or even to reach out with ideas or information.

Third, the resources, talent, authority, and top management resolve to make the CMO integration task successful is often missing. There is lip service given to silo-spanning brand building but the CMO group is too frequently left without the tools to actually do the job. Ultimately, the CEO has other priorities and is not willing to support a group that, by necessity, has to be organisationally disruptive.

FROM SILOS TO SYNERGY

How can silo barriers to the creation of great marketing and marketing organisations be reduced or eliminated? How can silo power be converted from an inhibitor to an enabler of effective and efficient marketing? Our research reported fully in *Spanning Silos* suggests a wide variety of paths and tactics. The following represents some of the most effective best practice findings.

Realise That Non-Threatening Roles Can Be Powerful Change Agents

The CMO can take control of elements of strategy and tactics from silos, and that can be the right course in certain circumstances. However, there are other less threatening roles with reduced risk of failure or even flame-out that can have significance influence. In particular, the CMO can assume the role of facilitator, consultant or service provider. In a facilitator role, the CMO team can establish a common planning framework, foster communication, encourage and enable cooperation, create data and knowledge banks, and upgrade the level of marketing talent throughout the organisation. In the consultant role, the CMO would become an invited participant in the silo strategy development process. As a service provider, the silo business units would 'hire' the CMO team to provide marketing services such as marketing research, segmentation studies, training, or marketing activities such as sponsorships or promotions.

These modest roles, by stimulating and enabling communication and synergistic programmes, have had a major impact on strategy, programmes and even on the culture of many firms. It is not necessary to be in control of budgets and programmes in order to effect change and results. Further, pursuing these roles can lead to building credibility and relationships that will be the key to the establishment of more influential roles.

Get CEO/Organisational Support

To make progress, the CMO team needs credibility and buy-in throughout the organisation. A key is to obtain visible CEO support providing authority and resources. One route to getting the CEO on board is to align the role of marketing with that of the CEO's priority agenda. Focus on growth objectives instead of brand extensions; on efficiency and cost objectives instead of marketing synergy or scale; and on building assets to support strategic initiatives instead of brand image campaigns. The objective is to reframe marketing as strategic, a driver of the business strategy, instead of being a tactical management function, and to avoid having the CMO be positioned as another functional area advocate (every slot needs more resources). Another route is to use hard numbers in showing the relationship between marketing and financial performance. When the CMO teams can demonstrate an ROI or its absence, their stature will be enhanced, and their image of being soft and unanalytical will at least be reduced.

Use Cross-Silo Organisational Devices Like Teams and Networks

The CMO should look toward, employing some of the available organisational devices, such as HP's Customer Experience Council, DowCorning's Global Marketing Excellence Council, IBM's Global Marketing Board or P&G's Global Marketing Officer's Leadership team. These are powerful vehicles to create consistency and/or synergy. Perhaps more important, teams also provide vehicle for cross-silo communication and relationships to develop.

The issue is not whether to use teams but how to make them effective. To succeed, research has shown that the team needs to have members with good group skills as well as the right expertise, leaders that can deal with multiple cultures, and clarity of mission. P&G, with a lot of experience in cross-silo teams, engages in the 'relentless pursuit of clarity' so that there is no ambiguity about the team task.

Formal and informal networks, another key organisational tool, can be based on topics such as customer groups, market trends, customer experience contexts, geographies, or functional areas like sponsorship or digital marketing. Nestlé, for example, has developed information networks around global customers such as Tesco or Wal-Mart, and silo-spanning interest areas such as the Hispanic market and 'mom and kids'.

Install a Common Marketing Planning Process and Information System

A standardised prescriptive brand and/or marketing programme – one that is virtually the same across country or product silos – is rarely optimal. What is optimal is to have both a planning process, including templates and frameworks, and a supporting information system that are the same everywhere.

Having a common planning process provides the basis for communication by creating a common vocabulary, measures, information and decision structures. It also leads to a minimal level of professionalism throughout the silo units.

Unless there is a clear, accepted planning process with understandable and actionable components, every unit will go its own way and, inevitably, some will as a result be mismanaged, strategically and tactically.

Adapt Brands to Silo Contexts

To avoid having a brand that spans silos becoming confused and inconsistent, a best practice organisation will have brands that are adapted to silo contexts while still maintaining the consistency of the brand character. ChevronTexaco, for example, has a core brand identity that consists of four values-clean, safe, reliable, quality. The silo markets are free to interpret the core elements in their marketplace. So what is quality in the context of a convenience store? Or in a lube business? Or in Asia? In addition, the silo business units have the flexibility to add one additional element to the four-element core identity. The lube business could add 'performance' and the Asian group 'respectfully helpful'. The result is more ability to link with the silo customer.

CONCLUSION

The all too common instinct of forcing centralisation and standardisation on the organisation can be dysfunctional, even resulting in a flame-out of the CMO team.

The objective, rather, should be to address silo-driven problems to enhance cooperation and communication among silos.

This will lead to stronger offerings and brands, and more synergistic marketing strategies and programmes. The result can be an organisation that retains much of the decentralised structure that has served it well, but with silo units that work as team members.

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How marketing has spread across sectors

Laurie Young
BT, Unisys and Price-WaterhouseCoopers

THE MARKETING SOCIETY was formed in the drab, post-war wreck of Britain's 1950s. At the time, America seemed the exact opposite: an exciting and progressive place. It had blue jeans, enormous fridges, jazz and consumer marketing. Gradually, its advertising and sales techniques seeped across the pond and a consumer boom followed. According to historian Eric Hobsbawm:[1] 'Almost half the washing machines, more than half the refrigerators and more than a third of the TV sets had been bought for the first time between 1958 and 1963.' Consumer marketing caught the attention of British business and gained a reputation for building loved brands, market share and healthy earnings. The latent memory of this initial impact has helped marketing to spread into other sectors since; a mixed story of economics, social phenomena, art, muddle and remarkable individuals.

LUXURY GOODS AND SHOPPING

For a thousand years, the elite have created markets through their thirst for luxury. Chinese silk, Eastern spices, Venetian glass, Swiss watches, Meissen porcelain, Staffordshire pottery and French couture, created, each in their turn, rich niches. Once established, the best marketers used them to develop brands and pioneer bigger markets through the aspirations of the lesser wealthy. Josiah Wedgwood is typical:[2] 'great people have had these vases in their palaces long enough for them to be seen and admired ... the middling people would buy quantities of them at a reduced price.'

It has been over the last 50 years, though, that the luxury goods industry has used marketing techniques to open up vast international markets while retaining high margins and elite patronage. Bernard Arnault, for example, has built brand house LVMH, becoming, en route, one of the richest men in the world.

They are consummate brand managers, of course, retaining the sexiness and mystique of an Italian handbag or a French perfume, even when much of it is made in cheap labour markets. In fact, they are probably more sensitive to brand equity than some of the fast-changing brand managers elsewhere. This sector has milked celebrity to build desire, using names as varied as Grace Kelly, Jane Birkin and Tom Cruise. In 1995, for example, Princess Diana was photographed carrying a Dior handbag, which immediately sold one hundred thousand at US$1,000 each.

Yet, according to fashion journalist Dana Thomas,[3] a major component of their success has been distribution. They have created 'upmarket' shopping venues by clustering their outlets in New York, Los Angeles, Las Vegas, Beijing and Moscow; and preserved a sophisticated multi-tiered approach to different buyers. They still service, for example, the world's super-rich, visiting personally the possessors of 'old money' (who would not wear a dress that had been aired on a cat walk). At the next level down are VIP salons for those who think they have made it; while the fronts of their stores and their ready-to-wear or diffusion ranges cater for the more moderately successful in places like Fifth Avenue or Bond Street. They have also stretched brands into relatively lower-priced accessories and cosmetics without damaging their luxury position.

Their glamour and mystique has helped to make browsing and shopping an enticing experience for many thousands. In fact, general retail is a field that marketing has influenced powerfully since The Marketing Society's inception. It is hard to imagine a country without supermarkets, shopping centres or online buying, as Britain was in the 1950s. Since then, power has shifted from the manufacturers to stores like Tesco, Sainsbury's and Amazon. Tesco's relentless growth and effective brand positioning demonstrate a masterly use of marketing principles to build a successful business. Within that business context, the best retail campaigns (such as Sainsbury's recent use of Jamie Oliver to encourage trial across its range) are relevant, enduring and highly effective.

LEISURE AND ENTERTAINMENT.

This year a young musician, Phildel Ng[4], signed with Warner, after years of hard work, pounding the London circuit. Like many artists before her she found that marketing was an aid to her early career, writing, for example, the music for an Expedia advert. Yet part of her success was also a phenomenon that has transformed the entertainment industry since the Society's creation: the desire of publics to engage with their favourite brands. The advert generated interest and 'downloads', to which Phildel responded in a systematic and intuitive style, reflective of her art. She used email, Facebook and YouTube to create a warm relationship with her public, making them feel part of her progress.

Publishers have known for a long time that magazines have a brand dynamic to which loyal readers want to respond. Editors were chosen, for example, to reflect the expectations of, say, a *Vogue* reader or an *Economist* subscriber. But it was the 'A&R' people, like Simon Cowell and Simon Fuller, that built hugely successful entertainment brands. Not for them the coy concept of 'brand awareness'. They nurtured, milked and exploited naked hunger for fame. Cowell, born the year The Marketing Society was started, said[5] (after *American Idol* first captured an audience of 29 million): 'What was obvious was we were now living in a fame epidemic. There never has been a time when so many young people sought celebrity.'

Brand Beckham, for instance, leveraged the publicity generated by their first liaisons to induce massive, varied sales. Hamish Pringle[6] attributes their success to three 'f's: football, fashion, and family, which make them interesting to such a wide range of people, and of

course, marketers'. Yet it is the ability of this industry to relate to a public and garner a rich response to a brand that should interest marketers in other sectors. *Strictly* and *X factor* have engaged their audiences so much that they have largely recreated the social phenomenon of the 'family round the table' on a Saturday evening. Even more 'worthy' programmes, like *Question Time* and *BBC News,* have had to set up mechanisms to interact with their audiences. They have shown that, if a brand is loved, it belongs to its public who want to respond, change and revel in it.

TECHNOLOGY

The year before The Marketing Society was formed, a man with the unlikely name of Buck Rodgers joined IBM. During his career the company moved heavily into computing, became global market leader and (during Buck's tenure as marketing head) grew from 'a $10 billion to a $50 billion company'.[7] As Buck retired, the PC revolution was starting and the monopolistic hold of proprietary equipment was being undermined. He claims to have initiated IBM's first significant consumer advertising and pioneered business technology 'solutions'.

Technology firms have used a range of marketing techniques since. 'Intel inside' is still, for instance, one of the sector's most effective brand programmes (brave and risky when first mooted), and 'no one ever got fired for buying IBM' remains one of the clearest statements of emotional promise in business-to-business marketing. Dell pioneered mass customisation, while Apple's difficult journey to become the world's most famous innovation shop means that it is routinely quoted as a creative case study. Above all, though, technologists have deftly made up, sold and exploited ideas by using a technique they call 'thought leadership'. Their marketing of concepts like 'process re-engineering', 'data warehousing', 'CRM' and 'customer experience management' has sold numerous computers and other gadgets. Their two major achievements have probably been to convince us that we all need a PC and to liberate human imagination in the internet.

For Buck and his peers, though, 'marketing' was primarily about new technology and sales; and that ingrained attitude has been the reason that marketing's incursion into the technology sector has been so erratic. Technologists adore new break-throughs and routinely claim to be changing the world. Their approach is to invest huge sums in technological advance and to bring it to market through worldwide distribution chains founded on the assumption that fast-changing customers only want cheapness; a business model that is as daft and stubbornly unchanging as Detroit car manufacturers. As a result, apart from consumer electronics, technology marketing remains depressingly tactical and erratic. Far too many technology marketers spend hours creating PowerPoints of the latest whizzo ideas to present to themselves. There is little sense of organisational learning, brand equity or any substantial investment in customer knowledge.

UTILITIES

There was some limited utility marketing when the Society was formed. 'Gas boards' had their 'showrooms', electricity companies sold appliances and rail companies flaunted the posters from their 'golden age'. But it was the privatisations of the 1980s that introduced competition and really began this sector's venture into marketing. Most were large engineering companies with vast work-forces, an obsession with detailed processes, and huge budgets. They applied this culture to marketing and became big-budget advertisers. BA became 'the world's favourite airline' and BT positioned itself in human communications with Maureen Lipman and Bob Hoskins.

This sector has learned the hard way, though, that its customers' experiences determine success. Nearly all had disastrous service quality after privatisation and were forced to make massive investments to catch up with expectations. Even now, most are not valued by far too many of the people who use their services. British consumers who flock to new shopping centres like Westfield or are delighted to pay inflated prices for a Versace handbag, will grumble about water bills, broadband costs, rail tickets and flight charges. By and large, these vast businesses demonstrate that it is possible to have all the functions of marketing, backed by large budgets and supportive leadership but still be unable to create genuine perceived value.

THE PROFESSIONS

For a sector that was banned from advertising until relatively recently, the growth and marketing success in this field is remarkable. Professional practices routinely return margins three times the size of the clients they advise and have enormous influence.

The professions produce some of the world's better-known business brands (like Deloitte and McKinsey) and develop some of its most influential concepts (like 'shareholder value'). Partners in these firms whisper in the ears of business leaders and walk away with large, high-margin projects that sales people in other sectors would die for. They thrive and adjust through recession, boom, war and other upheavals because the individual practices, led by owners of the business, are able to adjust adroitly to market changes. As a result, many of these firms are approaching their second century of successful business.

Their prime marketing methods are top-level relationships, ridiculously over-cooked hospitality and thought leadership. In the larger practices the combined budgets for these and 'business development' activities rival consumer advertising but few marketing agencies get near them. One reason is that partners treat formal marketing, and most marketing specialists who work for them, with disdain. There is yet to be a cogent explanation as to why one of the world's most successful marketing phenomena, run by sophisticated, intuitive marketers, can so widely reject and despise formal marketing methods.

FINANCIAL SERVICES

Deryk Weyer started his career as a cashier for Barclays Bank in the late 1930s. He later became a branch manager, regional director and deputy chairman. Yet part of his route to the top was an American training course with famous marketing professor, Theodore Levitt, which led to a spell as probably the first ever marketing director of a British bank. By the late 1970s, Barclays had become one of the biggest, most profitable and most admired banks in the world. With initiatives such as the first UK credit card, Saturday opening and the first automatic cash dispensers, under Weyer it selected programmes as part of a systematic approach towards its public, which probably made it the first British bank to use marketing effectively. By contrast, a later use of marketing in financial services (Midland's creation of 'Vector' and 'Orchard') failed to take hold. Kevin Gavaghan's brave attempt to use really good NPD, research and advertising to market bank accounts like fmcg products was an eventual failure and caused the chairman to announce a 'return to traditional banking'.

The 1980s banking acts opened up the sheltered world of British financial services, and the cosy oligopoly of the, then, big four, was challenged by new entrants and new opportunities.

It is tempting, in the current economy, to dismiss financial services marketing. I am not convinced, though, that the failure of some leading bankers to remember, through arrogance and hubris, the second law of business (to maintain a healthy balance sheet) can be laid at marketing's door.

It is certain that 'innovation' led to the dicing and repackaging of ridiculously risky products; and that sales, marketing and 'innovation agencies' have their fingers in the pie. There are, though, banks like Santander and HSBC, which seem to have resisted the ridiculous exuberances of their peers.

This is a story of an industry losing trust through a progressive series of unwise sales-led initiatives (including endowments, pensions and credit cards). They have tried all aspects of marketing, yet it seems to be at its most effective when conducted in the context of clear-sighted business leadership that customers intuitively know they can trust.

Marketing has a role to play in regaining confidence once this awful period comes to an end but it will be the corporate style and context in which it is conducted that will be crucial.

SO WHAT?

Marketing Society members are senior people concentrating on their day job, with very little time to investigate other sectors. As one of the classic marketing thinkers, Wroe Alderson, pointed out two years before the Society was formed,[8] this results in group behaviour. Marketers, competitors and buyers collude to conform to established ideas within markets which can be restrictive. During the Society's life, new propositions from Direct Line, First Direct and Virgin have shown the wealth that marketers can make by challenging this groupthink.

Perhaps the Society, with its 50-year perspective, could facilitate a debate about what works in different sectors and how it might be applied in others. Contrary to popular belief, Britain has a good track record of entrepreneurs creating massive wealth through effective marketing. Intuitive marketers (from Matthew Boulton, Josiah Wedgwood and William Lever to Richard Branson and Simon Cowell) have marshalled marketing approaches to succeed. Do they have anything in common and can it deployed to create jobs and earn exports in this difficult time?

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How marketing has lost the plot

Hugh Davidson
The Marketing Society

I started in marketing 50 years ago, joining Procter & Gamble in 1959, the year The Marketing Society was founded. When I finished writing *Offensive Marketing*[1] a bit later, I saw the book as a challenge for marketers to raise their game to Procter & Gamble and Johnson & Johnson level.

It is a challenge that, 50 years later, most marketers have failed to meet. The gap between the best and the rest has narrowed, but remains wide. A few, like Wal-Mart, FedEx, PepsiCo, Toyota and Tesco, have joined the best, but the number remains disappointingly small.

Ted Levitt's statement remains true: 'When it comes to the marketing concept today, a solid stone wall seems to separate word and deed. In spite of the best intentions and energetic efforts of many ... the effective implementation of the marketing concept has generally eluded them.'[2]

Since 1959, others – both practitioners and academics – have shared my obsession with bridging the Levitt gap. There are many outstanding marketers today, whom I greatly admire. Marketing has spread from a handful of detergent and confectionery companies 50 years ago, into high-tech, retailing, business-to-business, services, non-profits, and even government.

The Marketing Society, CIM and IPA[3] have contributed importantly to this. Although marketing and marketers have taken a lot of stick, and will get more in this article, they can be proud of their achievements. There are hopeful signs. Marketing *can* change the world. But whole industries with a marketing bypass remain – e.g. financial services, travel and energy (see Laurie Young's article) – despite exceptions like First Direct, Nationwide and Kuoni.

In recent decades, one question has continued to trouble me: 'Can good marketing people transform companies with a marketing bypass?' I had seen excellent marketers join companies that were not customer driven, and leave in frustration, or even get fired.

Eventually, the likely answer clicked: 'Marketers can transform these only by persuading CEOs to adopt and implement customer-driven vision and values.' So I interviewed 125 global leaders in the US and UK, and confirmed this. The result was The Committed Enterprise, a book targeted at global CEOs, but also read by marketers.

You may wonder why I am still going on about best practice marketing after 50 years.

It's because I have as much belief today in marketing's potential as in 1959, and remain impatient to see it fully realised. To echo Richard Reed, 'Our job is to upgrade capitalism, to develop ... a new and improved version.'[4]

So my farewell effort is a new book: LISTEN! A Call to Revolution for Marketers. LISTEN! will be launched in 2010. I hope it will offend many people, and spur them into new directions.

THE SIX UNCHANGING WEAKNESSES OF MARKETERS

Effective marketing practice has been stifled by six enduring weaknesses, which have persisted for 50 years. Unless marketers fix them, effective marketing will remain a minority activity. Here they are.

1. No Agreed Definition of Marketing, or of What Marketers Do

Over 50% of people in finance, operations and IT have little or no idea what marketing is. Most of the rest, in both the US and UK, think it's advertising and promotion. 70% of CMOs in Europe say marketing's role is not clearly articulated within their organisation. Confusion remains between the marketing approach to business, involving every employee, and the role of the marketing department. There is an urgent need for agreed definitions for 'marketing' and 'marketers' – brief (under 20 words), clear to non-marketers.

2. No Agreement on Top Marketing Performance Indicators (MPIs)

Finance has four measures applicable to any business: revenue, PBT, cash flow and ROI. What is the marketing equivalent? Six possibles include market share, net promoter score, relative quality/customer satisfaction, price, investment levels, and some measure of innovation.[5] If we don't have agreed measures, they won't be respected or reported.

3. Narrow Focus of Marketers

Early practitioners expected marketers to lead corporate strategy, business planning, mergers and acquisitions. This hasn't happened. Finance dominates these areas. Marketers have rarely controlled customer service, typically managed by cost-driven operations people; or contributed importantly to shaping vision and values, where most CEOs are desperate for skilled advice.[6] Finally, most marketers passively accept their existing markets and segments rather than identifying new segmentation opportunities.[7] Is it too late to change all this? No.

4. High Failure Rate of New Products/Services

This has continued at 80–90% for four decades. The high failure rate not only wastes resources, but also erodes respect for marketers.

5. Marketers' Inadequate Analytical and Numerical Skills

The left brain is analytical, the right intuitive and creative. Based on observation of thousands of marketers in 15 countries over 50 years, I conclude that most have stronger right brains. Yet the essential tasks of marketers are left brained: analysis, strategy, planning, developing briefs, cost management, budgeting.[8]

THE EMPTY MARKETING SANDWICH (see 'The abuse of marketing principles', below)

Marketing still consists of a three step process:

1. identifying unserved needs
2. meeting them with superior and profitable products/services
3. communicating their appeal.

This essential principle is not delivering, and here's why:

- about 90% of new products/services fail.[10]
- the vast majority are 'pimply little me-too's or me-three's'[1]
- there is a decline in consumer trust, and increasing gap between promise and delivery – the 'most likely driver of such scepticism is repeated bad product experiences.'[11]

Practice in step 1 seems to be improving.[11] The impact of step 3 is influenced by the two prior steps. The real weakness is step 2. *There is no beef in the marketing sandwich.*

Worryingly, step 2 is usually implemented internally by marketers, while the others are largely executed by external agencies. Reasons for the empty marketing sandwich include:

- genuine innovations can be expensive; budgets are annual.
- innovation and commercial development are time consuming; marketers lack time, turn over quickly
- attitudes – many marketers believe they are in commodity markets, where it is impossible to develop superior propositions, sustainable over time; P&G's CMO said, 'We don't believe there are any commodity categories _ I think that is a cop-out – bad marketing and an excuse'[12]
- quick-fix mentality – lazy marketers quickly develop a 'me-too' offer, and brief external agencies to 'use your creativity to deliver a perceived advantage'.

Fortunately, a handful of companies, such as Apple, Google, 3M and Reckitt Benckiser, still do real innovation. For the majority who don't, the long-term consequences of serving empty marketing sandwiches will prove dire. The internet searchlights of blogging, social networking and comparison sites will increasingly focus on the filling, and mercilessly expose empty sandwiches.

The recruitment profile of marketers needs redefining, including more with prior experience in other departments, or an engineering background. Marketing business people are required. Many marketers are not commercial.

6. Marketers are Poor Listeners

I enjoy the company of marketers, but most, especially men, prefer talking to listening. Contrast that with engineers or accountants – they listen well.

Listening is essential to understanding others (especially customers), gaining respect and learning. Poor listening is linked to the other five weaknesses.

That's why my new book is called *LISTEN!.*

THE ABUSE OF MARKETING PRINCIPLES

The principles of marketing are enduring, little changed in 50 years. But practices to implement them have developed greatly.

Marketing has been a success for marketers, creating millions of marketing jobs worldwide. But rather than transforming businesses into places where marketing principles can flourish, marketers have often accepted environments where it is impossible to apply them (see the section headed 'marketers have failed to make organisations customer focused', below).

As marketers successfully established functional roles, they became more and more involved in daily maintenance work, leaving little time for strategy or innovation. Multiplying, they became more specialised.

Marketing is at heart entrepreneurial, centred on focused innovation. Yet the short timescales of companies,[9] and the focus of marketers on day-to-day operations, have created a void.

In attempting to pursue valid marketing principles within this unfavourable environment, many marketers have abused them. A prime example is the 'empty marketing sandwich' (see Box).

4. THE POISON OF DARK MARKETING

Marketing and marketers rank 'at the very top of the professional bastards' table, beside estate agents and traffic wardens'.[13] Some would say they have truly earned their reputation as spinners and temporisers. That would be a little unfair. Most marketers are honest, and care about customers and quality. But fundamental questions are now being asked[14], like: is marketing inherently evil? Is branding designed to mislead?

The success of books like *No Logo* and *Fast Food Nation* were a wake-up call to marketers. Bright spots keep sparking, but trust in brands,[15] and the quality of customer service are declining.

Does this reputation matter? Yes, because it erodes ability to attract the best talent, and encourages more regulation.[16] How have things come to this, when marketing was once seen as the route to a better future for customers? There are four reasons.

- People associate marketing with selling, advertising, and promotion. They do not give marketers credit for product, service and value improvements.
- Until fairly recently, marketers did not take ethics seriously. There is a long history of poor practice.
- Some in sectors like tobacco, politics, financial services, mobile telecom, and travel, have routinely practiced Dark Marketing. Unfortunately Dark Marketing can be profitable.[17]
- Most importantly, marketers keep churning out me-too products and services. This is unethical, and criminally lacking in ambition.

These elements have fed poison into the marketing system. Dark marketing covers actions that mislead, annoy or exploit customers, treat them unfairly or risk harm. This includes false claims, targeting the vulnerable, invading privacy, defective products, opaque pricing, spam, astroturfing, poor customer service and negative campaigning. Let's stop all this.

Marketers are now at the forefront of business ethics. Some are responding well, as on obesity, low-temperature washing, fair trade, green products and micro packaging. However, barriers to countering dark marketing persist.

- Ethical Marketing is unlikely to happen unless organisations have strong values and convert them into demanding practices. At present, most don't.[6]
- Companies lack an integrated approach to Ethical Marketing, because customer touch points are managed by different departments.
- Marketers have not clarified their role recustomers. Is it to make their voice heard? To be their advocate? To achieve balance between their need for benefits, and the firm's need for profits? It is all three.

Marketing is a vocation and a movement rather than a profession, but strong ethics are essential to its success. The CIM and the American Marketing Association (AMA) have developed codes of ethics. Now is the time to impose these on all practitioners, and to fearlessly expose unethical practice, through the oxygen of naming and publicity. A good start would be to build ethics into marketers' employment contracts, already a requirement for members of The Market Research Society.

5. BLACK HOLE OF SHAREHOLDER VALUE

Rather than challenge this destructive concept, marketers have tried to adapt to it, with unfortunate consequences.[9]

Shareholder value encourages short-term profit maximisation and financial manipulation. At its heart is the narrow financial accounting model, which 'reports spending cutbacks as increases in reported income, even when the reductions have cannibalised capabilities for creating future economic value'.[18]

Shareholder value gained sway in the 1980s, influenced by economists like Milton Friedman, who declared that 'managers' sole responsibility was to make money for shareholders'.[19] It was fuelled by fads like 're-engineering', which enabled senior executives to earn blood money by downsizing thousands. It was designed for a bygone age where shareholders were committed to companies, customers had less power and employees were less assertive.

While shareholder value was initially beneficial in shaking up sleepy companies, and forcing more effective use of assets, it has been a disaster since.[20] Its weaknesses have been demonstrated twice this century. First, companies that took shareholder value to extremes – Marconi, Enron, Sunbeam, WorldCom, Global Crossing – collapsed, and others were cheaply acquired. More recently, it was the turn of banks, the most enthusiastic shareholder value practitioners. Shareholder value has been a disaster because it ignores customers.

It hasn't even worked for shareholders – the real value of world equities is lower than it was ten years ago. But shareholder value did well for CEOs and senior bank employees, which is why many still like it.

As a concept, shareholder value is tottering; high time to finish it off and move to stakeholder value. The core stakeholder value question is, 'Who are our stakeholders, and how do we prioritise them?' The main ones are customers, employees and shareholders. The logical sequence for considering their claims is the formula for 'The Committed Enterprise':[6] *Committed customers + Motivated employees = Happy shareholders.*

In 1999, Peter Drucker wrote, 'Probably within ten years or so, running a business with (short term) shareholder value as its first ... goal and justification will become counterproductive'.

The future is stakeholder value, balancing the interests of shareholders, employees, customers and the community, and providing an environment where marketing can flourish. Customer-driven companies like Procter & Gamble, Johnson & Johnson, FedEx and Colgate, have been quietly practising stakeholder value for decades, delivering value to all stakeholders.

MARKETERS HAVE FAILED TO MAKE ORGANISATIONS CUSTOMER FOCUSED

Marketers have spent too much time hobnobbing with their external agencies, too little on changing the culture of their organisations or building strong internal relationships with senior management.

Good marketers are instinctively customer focused; 50 years ago, there were only a few thousand marketers outside the US – now there are millions. So why haven't they convinced companies that looking after customers is the primary task of every employee? One factor is that people from best practice marketers have spread the techniques of marketing widely, but not its philosophy.

In the 1950s, Peter Drucker defined the primary purpose of any business as to create and retain customers. Sam Walton, the founder of Wal-Mart, said, 'we put the customer ahead of everything else ... if you're not serving the customer, or supporting the folks that do, then we don't need you'.

Many companies think they are customer focused. Few are. A Bain Study showed that 80% of companies believed they were providing a superior customer experience, but only 8% of customers thought so.[21]

Reasons for lack of customer focus are embedded above:

- shareholder value still rules
- marketers have limited influence in shaping vision, values, practices
- they lack control over key customer touch points, like pricing, customer service, selling standards
- they have become specialised functionaries, markocrats with a narrow approach, not seeing the task of spreading the Marketing gospel as their job
- company attitudes to customers, innovation and quality are determined by CEOs and Boards, not by marketers, who have too little influence at Board level.

Does this really matter? After all, most of the world's 25 most profitable companies are not customer driven.[22] Yes. The power and transparency of the internet is changing things rapidly. This will increasingly harm the bottom line of those organisations that exploit or underserve the customer. Follow the vision of Jeff Bezos, founder of Amazon, 'When people look back at Amazon, I want them to say that we uplifted customer-centricity across the entire business world'.[23]

Now is the time for marketers to lead the revolution.

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Ten things marketers will need to know in the year 2013

Andrew Marsden

When I first became a brand manager in 1978 I knew what marketing did. The brand manager's job was to manage and develop the company's most important and valuable assets – its brands. One part of the job was to bring the outside world in – to ensure that what was important to consumers was brought to the attention of the company and acted on. The other side of the job was to manage, co-ordinate and motivate the range of business partners and agents who helped produce the materials to support the brands.

I still think this is a pretty good description of what marketing does. But the issues that will be facing us in 2013 will be quite different. Here is my list of ten things that marketers will need to know.

1. THINK GLOBAL

Marketing needs to think global and act global. The shift of economic growth from west to east is already in progress.

Global trade has grown radically in the past 50 years. The shipping container has transformed the ease with which goods can be transported and is one of the drivers of global trade. In 1955 Europe accounted for more than 60% of global trade; by 2005 this had fallen to 45%. Over the same period Asia's share rose from under 20% to more than 30%, and by 2013 may account for 40% of global trade. Recent growth has concentrated on the BRIC nations (Brazil, Russia, India and China) and this looks set to continue. All have resources of either oil and gas or vast populations of potential middle-class consumers. The challenge for China is to get rich before it gets old. The one-child policy means an ageing population and a 30 million shortfall of women.

As trade goes global, so will marketing. Expertise will be concentrated in the global centres of the multinationals – implemented by local teams with limited ability to change things.

Where, then, will future marketers learn their business?

2. THE STREETS ARE PAVED WITH GOLD

Cities paved with streets of gold – metro marketing means marketing to the world in a single city.

By 2015 the majority of the world's population will live in cities. Alongside this will be a rise in the number of megacities (population of more than 10 million). In 1950 New York was the only megacity, by 2000 there were 20 and by 2050 there will be 43. People working in agriculture are drawn to the opportunities cities offer, but those cities become more dependent on the surrounding land for food. Manufacturing in China has been fuelled by migrant labour. In more than 50 countries legal and illegal migrants now account for more than 15% of the population.

This cultural diversity will make marketers' lives more complex. Mass production's mantra of 'one size fits all' risks alienating those who meld their identity of birth with their new identity. In the US the Hispanic market now accounts for 15% of US spending. A recent study by Coca-Cola concluded that the spending power of US ethnic audiences would make it the sixth richest nation in the world. Targeting will need to go beyond demographics and understand belief systems. Effective marketing needs to balance collective and individual identities simultaneously.

3. FROM YOUNG TO OLD

Marketing has always concentrated on youth; in the future the elderly will become a key audience.

The world is getting older. In 1950 the average of the global citizen was 46.5 years. By 2000 this had risen to 65 and by 2050 it is forecast to rise to 75 years. This is due to the combination of reduced infant mortality together with rising life expectancy.

In Britain for the first time ever there are now more pensioners than people under 16. The baby boomers (born 1947–1963) were the first generation to value 'youth' and are determined to cling to it despite reaching retirement age. Marketers will have to understand the values of different generations and find a way to reach those who are young in years and those who can only claim to be young at heart.

4. PERSONAL AND PLANET HEALTH

Marketing will be part of the growing concern for personal health and planet health. The ageing population will place pressure on both pensions and health care. The trend towards obesity will add further to health costs. Cardio-vascular disease remains Britain's biggest killer. Type 2 diabetes was an ailment associated with age but is now appearing in obese children. A total of 24% of British people are obese (BMI 30+), lower than the US (38%) but higher than the global average of 15%.

Concerns about obesity will increase governments' involvement in food and beverage packaging and communications. Self-regulation will be under pressure and governments' role likely to increase.

The health of the planet is an equal concern to that of human health. Weather instability has consequences for many markets. Tourism, agriculture, retailing and insurance are all affected by even short-term changes in weather. Food will become an environmental issue; meat production is carbon intensive. It takes 4,800g of carbon to produce 300g of beef vs 45g of carbon to produce a kilo of carrots.

Marketing will be asked to add these wider environmental and contextual issues to its consideration

5. THE ERA OF CHEAP FOOD, ENERGY AND FINANCE IS OVER

The battle for resources will transform how we design, transport and price products.

Growing affluence has relied on easy access to transport and finance. Consumption has relied on being able to make the most of low-cost production. One of the consequences is a highly interdependent world. It may be that supplies of energy and water will become more volatile. Loss of water and/or electricity takes society back to the dark ages within the space of days. Electricity is needed to pump the petrol and water, to power cash machines and mobile phones, as well as to deliver food and produce light and heat. Just-in-time systems mean that breaks in supply rapidly reveal unexpected consequences.

Water may become as politically charged a commodity as oil. Only 3% of the world's water is drinkable. Already more than 1 billion people lack access to safe drinking water. The forecasts are that the world will need 20% more water by 2030 and that two out of three people will have difficulty accessing water. The majority of water consumption is for agriculture, so lack of water affects food.

All marketing practices will come under scrutiny and will be expected to adapt to these fundamental changes. Short-term pressure will come from the triumvirate of packaging reduction with increased recycling, reduced transport and distribution impact and increased pressure from retailers expecting brand owners to manage these pressures. European retailers will become more powerful and likely to demand central pricing and purchasing but local delivery.

6. MARKETING IS THE NATURAL DISCIPLINE TO MANAGE THE EMERGING TRANSPARENT COMPANY MODELS

The limited company structure (designed for the Industrial Revolution) may not be suited to future demands. Debt has been raised via increasingly complex (and opaque) financial instruments. Few were aware of the real risks. The credit crunch and subsequent loss of confidence are symptomatic of the dangers of a lack of transparency. The old silo system of command and control is too inflexible to meet future needs. As we move into the Information Age we need to develop a more flexible and transparent corporate model.

With the needs of many stakeholders to be considered we need to move to faster and more flexible structures. They will need to operate as networks, not silos. Networks based on cooperation. Ideas will be valued resources and at the heart of new transparent companies. Marketing is ideally suited to be at the centre of these organisations.

7. UNDERSTANDING GENERATIONAL DIFFERENCES

Marketers will have to understand the generational differences that drive the needs of both staff and customers.

Work is less central to the identity of the younger generations (X and Y) than it was for the boomer generation. They know there are no jobs for life and so are more transactional about work and want to build their own asset base of skills. They expect the company to engage them (not vice versa). Both customers and staff expect to be treated as equals. Most understand the rules of business and brands, and demand greater openness and honesty before they are prepared to trust.

This changes management styles. Motivation becomes a key skill. This has always been a core skill of a good brand manager and will attract an even greater premium. Marketing will have to become more cooperative, more interactive, with the higher levels of consultation and feedback.

8. NEW MEDIA

Marketers need to get real about new media. What can it deliver? Will it ever deliver its promise?

New media is not so new, it's now 15 years old. Many households may be online but highest use remains search. The internet is a powerful information medium but shows few signs of replacing traditional entertainment media. The fastest-growing UK sites are those of Channel 4, John Lewis, the *Guardian* and First Choice holidays. Not quite a hotbed of anti-consumerism or the new economy. Social networks are growing, but 42% of internet users don't know what social networking is. A total of 84% of British people own a mobile phone but use of new features remains limited. Only 31% have taken photos, 21% listened to music and only 5% have used the internet on their mobile.

The internet is powerful in the private 'dream' world where everything is free, but is less powerful in the 'public' paid-for world. Here it is primarily an information rather than an entertainment medium. It has transformed global access to products but delivery remains complex and expensive. The internet will grow, but traditional mass media will remain key channels for advertising in the foreseeable future.

9. BRAND COMMUNICATIONS IN 2013

Brand communications will be about the three 'C's: creation, content and cooperation.

People watch programmes, not channels. There has been as explosion of new channels, but no real increase in advertising budgets. The channels need content as well as ads. Will brands go back to the days of producing soap operas and barter content for airtime?

UGC (user-generated content) is the buzzword of the moment, but will it make money or is it just a fad? Word of mouth has always been the most powerful means of communication but it can't be engineered. Technology has released a passion for creating content, but is it content that will be of interest to anyone other than the creator? Are blogs and citizen journalism, YouTube and Flickr about creativity? Or are they driven by the desire for celebrity? Do consumers really want to engage themselves in commercial creativity?

New media creates opportunities for brands. Information overload may mean that brands have a role as trusted editors. Brands could share their power and influence with their customers by acting as 'hosts' and creating opportunities to develop new talent. If this is to happen we need a new model – 'creative capitalism'. The production of branded content, together with talent management, will become a key marketing skill.

10. NEW MARKETING NEEDS NEW AGENCY MODELS

Many clients believe that the current agency model is broken. Most agency networks have been built through acquisition rather than organic growth. The agencies often fail to deliver the necessary combination of marketing disciplines. The promised consistency and integration is lost in internal competition. Many agencies have effectively industrialised creativity. Agency margins rely on building factories for ideas, and many are burdened with high overheads.

One creative director said that, if you give £100K to a typical ad agency, 20% goes to the shareholders, 25% goes on overheads, and 30% goes on planning and account management. Only 25% will be spent on the core product – a creative idea. Some are experimenting with a more bespoke approach. Marketers will be looking to agencies to provide more effective and better value structures to meet the challenges that we are all going to be facing in 2013.

The fundamental role of a marketer remains the same, but the context in which marketing operates will change radically. Many of the future assets of companies will be intangible. Marketers will become managers of intellectual property, and marketing in 2013 will be just as demanding and rewarding a profession as ever.

SOURCES

Data from BBC News, United Nations, Office for National Statistics, Observer Food Monthly, Pew Internet and Euromonitor.

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Differentiation that matters

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Marketing is about two things. First, the marketing concept: 'Marketing is not a specialised business activity. It is the whole enterprise seen from the customer's point of view.'[2] Firms make money by profitably meeting customers' needs better than the competition. Second, differentiation: marketing's role is to increase the brand's distinctiveness in customers' minds, countering the commoditising pressure of competition. Firms make money by being seen to be different.

Many marketers have lost sight of the first and misunderstood the second. Obsessed with being different from the competition, they focus on trivial unique features and gimmicks, leading to widespread customer dissatisfaction.

In contrast, the big rewards go to firms that really embrace the marketing concept by focusing on differentiation that matters to customers.

TWO MARKETING MYTHS

Far too much so-called differentiation is about things that do not matter to customers, sometimes coupled with a naïve faith in the power of advertising to turn a sow's ear into a silk purse. This reflects two widely held myths, as outlined below.

1. The uniqueness myth – that customers will buy your product or service only if it offers them something unique (or the same benefits at a uniquely low price).

2. The 'table stakes' myth – that in today's competitive markets, you can no longer differentiate the basics – the generic category benefits that all the main competitors provide. On this view, customers take them as given and they become mere 'table stakes' rather than a source of competitive advantage.

In reality, customers rarely buy a product or service because it offers something unique. Usually, they buy the brand they expect to meet their basic needs a bit better or more conveniently than the competition. What customers usually want is simply better – not more differentiated – products and services. Most unique features or benefits are irrelevant or only marginally relevant to most customers.

In contrast, differentiation in the sense of brand equity – that is, customers' belief that products or services sold under a particular brand name will meet their needs – can be hugely valuable. This type of perceived differentiation is completely consistent with the marketing concept.

Sometimes a brand does develop a unique feature or benefit that turns out to be valued by large numbers of customers. Usually, competitors will quickly copy it. This does not validate the 'table stakes' myth, however: keeping the basics relevant and reliably delivering them (including features and benefits that were once unique to one brand) is so difficult that it forms the main basis of sustainable competitive advantage in most markets.

An example: Volvo, Toyota and Chevrolet

Volvo is a textbook well-differentiated brand. Ask a convention of dentists in Sydney about their associations with it: most will say 'safety', followed by a unique combination of other associations such as Swedish and large, slightly boxy estate cars. Ask the same question in Wolverhampton or San Francisco and the responses will be remarkably similar.

Volvo has strong, clear, unique, consistent, highly differentiated global brand equity and is indeed a valuable brand – but Toyota is a much more valuable brand despite being far less clearly differentiated. Dentists in Sydney will certainly know Toyota and associate it with quality and reliability. But if you ask them how, as a brand, it differs from Honda they'll struggle. Yet all three published brand value rankings (Interbrand, Millward Brown and Brand Finance) have Toyota as the most valuable car brand on the planet – more valuable than Mercedes and BMW, and much more valuable than Volvo – or any of the big US car brands.

Toyota's brand value was illustrated by a McKinsey study comparing the prices of the Toyota Corolla and the Chevrolet Prizm – identical cars produced on the same assembly line at a jointly owned plant.[3] At the time of the study (2002), GM/Chevrolet was already spending US$750 per car more than Toyota on dealer and consumer incentives, but the Toyota was outselling the Chevrolet by four to one – and keeping its price premium in the second-hand market. The brand was the only difference between the two products.

Why was (and is) Toyota a stronger brand than Chevrolet in the US, GM's home market? We believe that it is because, over many years, US consumers have found that Toyota makes reliable, economical, easy-to-drive cars that get you from A to B in comfort, at reasonable cost and with generally good after-sales service. Their experience with Chevrolet has been more mixed.

In other words, Toyota has been simply better at providing what most car buyers want, which is the basics. Customers remember this and tell each other – that's brand equity. The fact that they are willing to pay more for the physically identical Toyota-badged product shows that Toyota has indeed created a valuable differentiated brand – but based largely on superior delivery of the generic category benefits that matter most to customers, not on unique features or benefits, nor, in general, on outstanding brand communications.

EVEN MORE IMPORTANT IN SERVICES

The evidence from companies like Toyota, Tesco and P&G is that, through relentless customer focus and continuous improvement, you can differentiate the basics – they aren't just 'table stakes' – but it's very hard work. This is precisely why many companies fail. The challenge (and opportunity) is significant for manufactured products such as cars, but even bigger for service companies, where quality depends on millions of interactions between individual customers and the company's systems and employees.

There are countless examples of service businesses messing up. One was reflected in a letter from a John Roberts to DIY retailer B&Q after Ellen MacArthur completed her record-breaking solo voyage round the world in a B&Q-branded trimaran. It started, 'My congratulations to you on getting a yacht to leave the UK on 28th November 2004, sail 27,354 miles around the world and arrive back 72 days later.' It then went on, 'Could you please let me know when the kitchen I ordered 96 days ago will be arriving from your warehouse 13 miles away?'

For Roberts and customers like him, B&Q's sponsorship of MacArthur was irrelevant. But if B&Q had kept its basic product and service promise to its customers, it would probably have enjoyed a big return on its investment in MacArthur, which generated huge, positive and well-branded publicity. The moral? Get the basics right.

WHY THE OBSESSION WITH UNIQUENESS?

The obsession with uniqueness reflects, we think, confusion between marketing in the company-wide Drucker sense and marketing in the narrower functional sense of advertising and promotion – that is, the activities directly controlled by the CMO and funded by the marketing budget. In the latter case, uniqueness really does matter: brand communications do need to be sufficiently distinctive to cut through the cacophony of other messages competing for customers' attention. But this does not mean that the product or service itself needs to be unique.

Marketers' focus on brand communications and, therefore, distinctiveness partly reflects the fact that this is what they directly control but also the continuing assumption that fmcg represents the norm. In fact, fmcg is the exception in today's economy.

Vodka consists of ethyl alcohol, water, trade marketing and branding/communications. The first two of these are commodities. Trade marketing is a B2B service activity where all the 'simply better' issues apply. But, as examples such as Absolut and Grey Goose illustrate, great branding and communications can create enormous shareholder value in this market. This is fairly typical of fmcg, but fmcg accounts for only about 5% of GDP. Around 70% is accounted for by services. In service markets – and for most B2B and high-ticket B2C products – brand communications have an important but supporting role: brand equity is mainly created by customer experience, reinforced by communications.

The big challenge for marketers in most businesses today is that brand value is mainly created – or destroyed – by large numbers of operations people who do not report to the CMO. The role is increasingly about trying to influence and engage these people to ensure reliable delivery of the brand promise.

RELEVANCE AND EXECUTION

Related to this, marketers also need to be the voice of the customer throughout the organisation. This is important to ensure both relevance and execution – that is that the current brand promise is being consistently delivered, and that changes to that promise through product, service and process innovations continue to be focused on what matters to customers.

There are many sources of customer insight. Formal qualitative and quantitative market research – increasingly online – is essential, but needs to be supplemented by direct contact with customers and frontline staff, learning from operations (e.g. complaints), database analysis, market intelligence, and awareness of potential longer-term threats and opportunities at or beyond the edge of the current market.

Equally important is to create systems and – above all – a culture in which the voice of the customer reaches those with the power to act and is acted on, even when this means reversing an earlier decision. Few companies do this well: in most, everyone spins to their boss – more than the boss realises. GM has always been good at market research but weak at hearing and acting on the results – unlike Toyota, whose culture has always encouraged continuous, customer-focused improvement. Ultimately, that is why Toyota is a stronger brand than Chevrolet.

Being 'simply better' is not just about operational excellence and great execution. It is also about customer relevance and, therefore, about understanding and acting on what matters to customers. Increasingly, marketers need to complement their technical skills (in branding, communications and formal market research) with softer organisational and influencing skills in order to make this happen.

WHERE TO START?

For an existing business, we suggest you first focus on reducing the drivers of customer dissatisfaction with your brand versus the competition. These issues are relatively easy to measure using generic satisfaction/dissatisfaction scores, supplemented by more specific diagnostic data. The main challenge is to follow up vigorously and persistently until your brand is best in class.

Next, explore ways of improving the offer in ways that go beyond the current brand promise but remain customer-relevant. Options here include new features, benefits, and product or service improvements, as well as value-adding brand communications, better design, and so

on – all tested through flexible customer insight activities and, where possible, pilots or fast prototyping, rather than by researching them to death. In this way, you will be driving the market by always promising a bit more than the competition – while still ensuring high relevance and reliable execution. Ideally, you will be relentlessly raising customers' expectations above what the competitors can deliver, while still ensuring that you continue to meet these ever-increasing expectations.

Finally, you should address the most difficult challenge, which is to uncover and meet the drivers of customer dissatisfaction within the whole category. The reason this is difficult is that these drivers represent customers' latent (not explicit) needs: since none of the brands meets these needs well, customers just assume 'that's the way things are' and base their purchase decisions on what is currently available. For instance, in the car market, most consumers dislike many aspects of the sales and service experience at car dealers, which is why (after 100 years) so much effort is now going into improving that experience.

THE BOTTOM LINE

Drucker was right. The marketing concept is easy to understand but hard to put into practice. The best way of doing so is to focus obsessively on what matters to customers. This is still about differentiation, but differentiation that matters, not differentiation as an end in itself.

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What to watch for in retailing

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Writer, Fritz Dressler said: 'Predicting the future is easy. It's trying to figure out what's going on now that's hard.' This is especially true in a recession. In the past 150 years there have been 28 recessions, most of which were natural corrections to overblown booms. But recessions are uncertain and unpredictable. To rehash Tolstoy's observation about happy and unhappy families, all booms resemble one another, but each recession is unique.

In 2008, the FTSE 100 moved up or down by more than 5% on 44 days, 22 of them in October. Volatility and uncertainty have soared.

So you may think I'm getting my excuses in early for predictions that will certainly miss the mark. But the main reason for thinking about the future is to have a chance of influencing it. Or preventing it. Or even building it.

I'm going to look at the future of UK retail over two time frames – a medium term of three to five years, and a longer term of ten to fifteen years. Counter-intuitively the shorter timescale is more uncertain. Very long-term predictions tend to come to pass sooner or later, just not necessarily as fast, or as slowly, as you think.

THE RETAIL SCENE IN 2012

In 2012, the UK retail landscape will remain profoundly affected by the 2008/09 credit crunch. Consumers will still be suffering from squeezed discretionary income, and many are still working out negative housing equity. An era of frugality will have replaced the materialist excesses of the credit boom. Staying in has replaced the old going out: restaurant volumes are still stagnating. Durability and simplicity have overtaken disposability and fast fashion as the purchase trends.

The exceptional volume growth that fuelled many categories in the period 1998–2008 (such as clothing, home-wares and electronics) is over. Retailers have fallen off the virtuous circle of deflating product prices, leading to increasing sales volumes and growing retailer profits. A weak UK currency, and the diminishing returns from overseas sourcing, have resulted in a margin squeeze and stagnating sales volumes.

By the end of this recession, we will have seen an acceleration in retailer consolidation. Recessions may be a slowdown in consumption, but they are a speed-up in industry change. In the 1990–92 recession, we saw the major DIY chains merge from five into three, and Tesco seize the top grocer slot from Sainsbury's. This time, we may see consolidation between retail sectors, with supermarkets buying up department stores and home retailers to extend their scale and capabilities in non-food.

THE LONGER-TERM VIEW

Retail can be an industry of fundamental change. Compared with, say, the media or technology sectors, there is a view that retail is relatively 'mature': that industry structure is stable. This is a view often subscribed to, explicitly or implicitly, by the management of retail companies. They come to believe that they work in a 'mature' industry, and start to manage their businesses in a 'mature' way, which means incrementally and with little imagination.

But a look back to the 1980s shows that the retail landscape does dramatically change over the longer term. And that imaginative competitors can therefore rewrite the future.

In the 1980s, products were predominantly sourced from the UK. Central distribution was rare, with most suppliers delivering direct to store. The online channel had not been invented. Own brand penetration was only 15–20% and mostly an economy offer. There was no Sunday trading, stores were small and more numerous. The top four grocers held less than 30% of the market (compared to 75% today). And out-of-town did not exist. So will the next era bring similarly profound changes?

WHAT CONSUMERS WILL BUY

By 2025, the UK population will be substantially wealthier – we can expect the effects of recession to be far behind us. But retail will fail to capture much of the growth in spending. A reliable guide to how consumers will spend in the future is to look at top decile earners today: their spending patterns tend to blaze the trail for the average consumer of the future. On this basis it is likely that, by 2025, only 20% of consumers' total spend will go on retailing (the proportion is 32% today but has been declining steadily for decades). Income growth will instead be splashed on leisure, travel and housing. Of the household food budget, we can expect 50% to be spent on eating out (the number is 30% today, but is already at the 50% level in the US).

Very few retail categories will therefore see real growth. An exception will be health and beauty retailing, as an ageing population is eager to look youthful and remain active.

Convenience, quality and ethics will become steadily more important as the top three criteria driving consumers' choices. Convenience – especially speed and ease of purchase – will be critical to time-starved and impatient consumers: overwhelming range in huge but remote destination stores will be less of a draw. Exceptional performance will be the minimum standard of quality for the better informed and richer customers of the future. And ethical retailing will be the norm, with sustainability and fair trade permeating the mass market rather than being a premium segment. Price will become less of a differentiator, as the ubiquity of price comparison software means consumers can now rely on price as a fair indicator of value.

HOW CUSTOMERS WILL SHOP

Perhaps the biggest change will be the way in which consumers shop. In 2008, we heard much about polarisation by price: consumers simultaneously trading up for luxury and trading down for bargains (the Prada and Primark effect). By 2025, this will have evolved into a polarisation by emotional engagement.

For products and missions where customers are uninterested in the purchase, automated reordering and home delivery will take care of everything. Consumers will barely be involved in the purchase of their milk, toilet rolls or other household commodities.

By contrast, where consumers see products as an expression of their individuality, they'll expect indulgence and personalisation in an environment with superb advice and service. The shopping experience will be entertaining and sensual. Shoppers buying a new bed will expect to test it out in a sound-proofed, darkened room with a cup of cocoa, and then for every aspect from size, material and colour to be customised.

This polarisation will have a profound effect on retail channels. Regular, commodity purchases will increasingly be replenished through automated online order and home delivery. Meanwhile, prime high streets and malls will become destination retail showrooms where customers can trial and engage with the product and service. Department stores will have to become thrilling, experienced-based destinations if they are to survive.

There will be a role for convenience retail close to home and work for frequent top-up missions, but bulk physical retail in out-of-town locations will increasingly come under threat from direct channels. And secondary retail locations and small retail parades will empty and revert to residential use.

THE FUTURE OF ONLINE RETAILING

By 2025, the question 'what proportion of shopping is done online' will cease to make sense. Connectivity will be continuous and ubiquitous, and virtually all purchases will be in some way inspired or informed by online activity. At least half of all purchases will be ordered online and fulfilled directly. The impact of this will vary by category: for electronics and media, 80–90% of purchases will be ordered online for direct delivery; for other categories such as clothing, food or homewares, closer to 40%. But even for the balance, online research will be universal: while they stand in store, consumers' personal devices will stream reviews, competing deals and the recommendations of their social networks.

With the increasing demand for simplicity and convenience from consumers, a new service will emerge: online personal shopping advisers. These advisers are independent, impartial, and have a deep understanding of the lifestyles and preferences of their users.

In 2008, several start-ups emerged in this space (Crowdstorm, ThisNext, Kaboodle, Become, Stylehive), but companies like Google, Facebook and Twitter are also well placed to perform this role.

The role of the personal shopping adviser will vary by product and mission. For commodity purchases, the adviser will have delegated authority to transact and maintain household stocks of consumables. For emotionally engaged purchases, the adviser will recommend and inform. As a result, loyalty to individual retailers will substantially reduce.

Consumers' real trusted brand will be their adviser and its knowledge of what their online social community buys and rates.

THE DEMAND FOR RETAIL SPACE

Overall demand for physical retail space will decline sharply. The increase in the online channel, only partly offset by overall growth in consumption, means at least 15% of retail space will retire. But there will be bigger changes in the mix of space: prime retail space and malls will remain valuable because consumers prefer them, and because they are best suited to hosting the entertainment and experience that retail will need to provide. But secondary high streets and poor-quality malls will dwindle and die (Figure 1).

DEATH OF THE SECONDARY HIGH STREET

Retail floorspace, 2008 and 2025

Figure 1

	2008 space (m sq m)		Δ	2025 space (m sq m)	
Primary in-town	39	(41%)	→	40	(51%)
Secondary in-town	19	(21%)	↓	4	(5%)
Out-of-town malls	19	(21%)	→	21	(26%)
Retail warehouse parks	17	(18%)	↘	14	(18%)
Total	95		↘	80	

Source: OC&C Strategy Consultants

Figure 1: Death of the secondary high street

Retail locations will become increasingly concentrated – by 2025 the top 70 UK retail destinations will capture 65% of footfall.

THE RISE OF CONSUMER AWARENESS

Fairtrade and ethical sourcing movements are heralding a reawakening of consumers' consciousness of the system that supplies them. Governments will also demand a blunter public health message to deal with the escalating costs of obesity and diabetes.

In response to these interests, most products will carry a chip or bar code which, when scanned with a mobile phone or personal device, will show the whole story and picture of that product and how it was produced. In the case of food for example, nutritional and dietary information, plus images of the farm, live video of the animals, and carbon footprint.

THE IMPACT OF PRODUCTION TECHNOLOGY

By 2025, technological advances in basic food production will be profound. 'Pharmafoods' will be mainstream, and factory-grown protein (pork in a petri dish) will have become commercialisable. Foods will promise anti-ageing or memory-boosting qualities, and will be tailored to individual genetic profiles or medical histories. Consequently the major global pharma, foods and genetics groups will have consolidated agri-business and control more of the food value chain. A similar trend to a more concentrated upstream supply base will apply in clothing and household products as a result of patented nanomaterials (such as stay-clean fabrics). Retailers' ability to differentiate through simple recipe development or product design will have been correspondingly reduced.

But the global, automated food industry will develop alongside a local, artisanal one. Distrustful of food grown on an industrial scale, consumers will crave emotional compensation through natural and nostalgic foodstuffs. Concern over food security and carbon emissions will mean a return to regional and seasonal foods. Organic butchers and farmers' markets will thrive.

RETAILERS' ROLE IN THE VALUE CHAIN

The long-term evolution of the value chain has generally been pretty favourable for retailers. As retailers concentrated and built their own brands, more and more of the 'profit pie' in the value chain has ended up in their shareholders' pockets. Wholesalers and producers have felt the squeeze.

But, by 2025, this trend will no longer apply. As we have seen, two new players will start gaining power and value: the upstream technology owners (GM patent owners, nano-technology owners and so on), and the online adviser who could end up owning the interface with the consumer (Figure 2). In this world, retailers will struggle to maintain their traditional role of specifying and selecting product for their target customers. Online shopping advisers threaten to do for buying departments what Wikipedia did for *Encyclopaedia Britannica.*

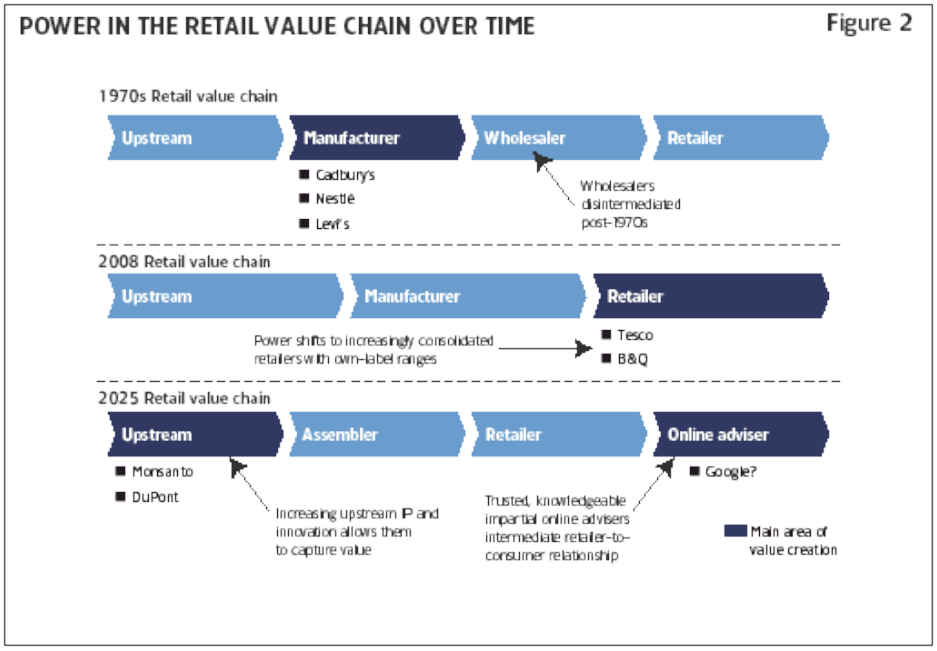

Figure 2: Power in the retail value chain over time

RETAILER PROFITABILITY

By 2025, retailers may fondly remember the earlier part of the century as a uniquely benign age. Between 1996 and 2008, a virtuous circle operated of gently declining cost of goods, widening gross margins, modestly increasing operating costs and growing volumes (Figure 3).

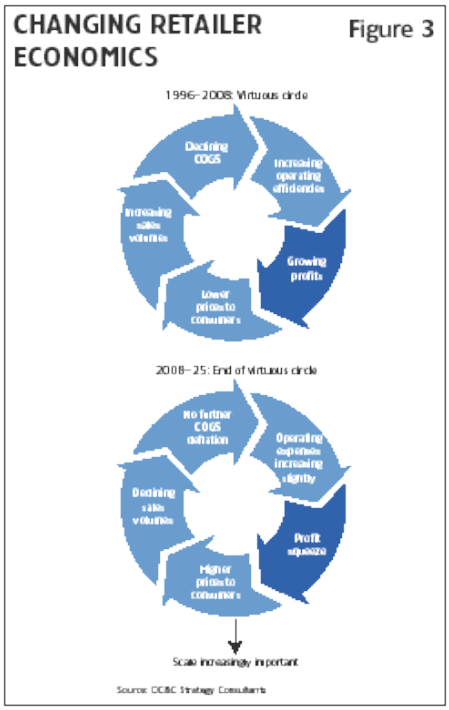

Figure 3: Changing retailer economics

From 2008 the virtuous circle was brutally yanked into reverse. Cost of goods started inflating: both because the gains of shifting supply to the Far East began to run out, and also because of the depreciation of the pound against the renminbi. Operational costs also inflated. As retail demand concentrated into prime locations, rent in these spaces increased. Energy and utility costs also increased. Reductions in staff labour costs due to technology (such as RFID automated checkouts) only partly offset these effects.

By 2025, retailers will also pay significant carbon taxes although, sensitive to this as well as to consumer pressures, retail will have surpassed other industries in reducing its environmental impact. Packaging will be minimised, home delivery will be zero-emission and supply chains will be highly efficient.

THE IMPORTANCE OF SCALE

Given all these trends, the importance of retailer scale will massively increase. To survive and thrive, retailers will need to bargain with strong suppliers, to adopt technology that reduces costs, and to invest in capturing customer information and personalising their services.

For all these reasons and more, scale will count on a global, not just a national level (Figure 4). By 2025, there will be fewer, much larger retailers. And those retailers will have moved well beyond their home country to capture growth in the emerging BRIC markets.

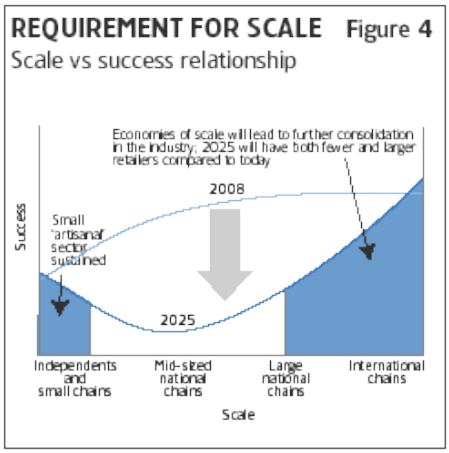

Figure 4: Requirement for scale

LEARNING FROM THE FUTURE

To return to the theme, the only purpose of thinking about the future is not to predict it, but to shape it. At the moment, weathering the storm is likely to be foremost of mind – lowering the breakeven and husbanding cash. But it is more important than ever to concentrate every resource on long term winning positions (the growth categories, channels, locations and customers) and disinvest from the rest.

A downturn can also be a unique opportunity to transform your position. How will – or should – your sector be structured for the next cycle? How strong will the scale effects be, and will you be on the right end of these forces? Can you play in consolidation now, when asset prices are low, competitors may be weakened or governments permit moves that are otherwise impossible?

The fog of recession is thick. But the future comes towards us even faster. This is the time for the general to be focused not just on the battle, but on the war.

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Global brands and social capital

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Billions of consumers and business customers, in every region of the world, from cities to remote rural areas, buy global brands. This very popularity has spurred debate about the impact of global brands on the societies in which they are marketed.

To one camp it is clear that societies benefit as global branding and marketing infuse modernity and economic progress into less-developed countries. Global brands satisfy a universal 'overwhelming desire for dependable, world-standard modernity in all things, at aggressively low prices', as Theodore Levitt[1] put it in a 1983 landmark article. Marketers at Wal-Mart, Lenovo, Toyota and other global brands satisfy this drive by bringing safe, well-made products and new technologies to the global mass market. Google, which has held the top spot in global brand league tables for the past two years, serves the world's huge appetite for information. Excluding egregious practices that nearly everyone can agree are harmful (such as promoting smoking of tobacco), by democratising access to their products, global marketers improve living standards.

Proponents of global brands point to universality in customers' needs, drives and emotions that transcend cultural and national differences. However, to contemporary critics of global capitalism, democratisation of access to American brands, especially, represents a corporate invasion of emerging economies and the erosion of traditional societies and cultures. Witness brands like Nike and Starbucks appearing to command more loyalty than any political party, trade union, church or mosque. Long-held cultural and social values are displaced by a focus on materialism. The economic benefits of lower prices are outweighed by losses to local producers and retailers displaced by a Wal-Mart or Carrefour.

Marketers of global brands may be quick to dismiss such concerns, but they can agree that, taken collectively, global branding and marketing are bound to have an impact on societies where their products are sold and consumed. Particularly with entry into countries that have different types of economies and political systems – not always friendly to free-market ways of doing business – the question of societal consequences becomes more salient.

Governments may well ask: does global branding and marketing fray or strengthen the social fabric? Does it help or retard economic and political development?

To our knowledge, there has been little investigation of such questions. Clearly, the issues involved are complex. Attempts to find answers could easily get bogged down in the trap of making value judgements about various cultural or societal characteristics.

However, the concept of social capital offers two advantages: it is a reasonably value-neutral measure of societies and it is associated with national development outcomes.

SOCIAL CAPITAL

The concept of social capital captures the idea that societies are more than a collection of individuals. Social capital is generated when there is a strong social fabric where people are connected through webs of associations and networks, with shared understandings of behaviour, norms of mutual obligations and responsibilities, and high levels of trust. In fact, level of trust is a good summary measure of social capital.

Social capital comes in two important forms. *Bonding* social capital arises from social networks that tie together and reinforce the identity of homogeneous groups such as families or communities or ethnic groups. *Bridging* social capital arises from networks that link together members of different social groups. Japan and the United States are nations that have high levels of both bonding and bridging social capital, characterised by high levels of trust among relative strangers (Halpern 2005[2]). (High levels of social capital within subgroups are not always beneficial. e.g. the Mafia or the dense social networks that enabled Bernard Madoff to pull off a $50 billion Ponzi scheme.)

What does social capital do for a nation or society? According to Robert Putnam,[3] author of *Bowling Alone,* potential benefits include:

- promotes mutual cooperation so citizens can resolve collective problems more easily
- eases business and social transactions – mutual trust reduces the need for costly contracts, laws and regulations, and means of enforcement
- widens individuals' awareness of the many ways in which their fates are linked

- increases flows of information that help individuals and groups to achieve goals.

In addition, there is empirical evidence that nations also benefit economically: high levels of social capital (measured by trust between strangers) are associated with higher GDP per capita and rates of growth.

What factors explain the formation, and destruction, of social capital? Not surprisingly, there is no simple explanation. Social capital develops from many different sources. Conditions of individuals (e.g. socialisation experiences), communities (e.g. civic life) and nations (e.g. governmental and other institutions) interact in complex ways. The expression of more individualistic values and lifestyles, for example, appears to lessen the strength of ties to family but is made possible by bridging social capital that allows trust between strangers.

CONTRIBUTIONS OF GLOBAL BRANDING TO SOCIAL CAPITAL

Social capital is a matter of trust, cooperative norms, and bridging and bonding social networks. In the following, we hypothesise positive relationships between these elements and key aspects of 'best practice' global branding and marketing.

Trust

A brand is a promise, an assurance of consistent quality from one purchase to the next. Global brands like Microsoft, Toyota, McDonald's or Nestlé make decision-making easier. Customers may pay a little more for the branded item but the time saved and the peace of mind make the tradeoff worthwhile. Taking into account both monetary and non-monetary costs of purchase, brands reduce overall transaction costs.

Brands also create trust through helping customers to meet their needs, solve problems and live better lives. To earn trust, global brands may adapt products to suit local tastes and conditions, such as adjusting menu options at fast-food restaurants or reformulating detergents depending on local water chemistry. They sink substantial resources into providing customers with up-to-date technologies and products.

With worldwide reputations and revenues at stake, global brands have a huge incentive to prevent safety or other problems from occurring in the first place, and to redress them as quickly as possible in order to retain trust. They also have both carrot and stick incentives to actively promote corporate social responsibility. Instant global communications can spread negative facts or opinions, or news of breaches of societal values and expectations regarding responsible business practices, widely. A global brand's corporate social responsibility activity is increasingly assessed and valued by a growing segment of consumers.

Cooperative Norms

Trust in globally branded products and services extends to trust in the parent corporation. If customers can trust the corporation to treat them fairly and to act in their best interests, then such corporate behaviours establish cooperative norms that contribute to social capital.

In addition to billions of exchanges and interactions with customers, marketers of global brands participate in dense, tightly interlocked supply and distribution chains. In dealings with suppliers and distributors, global corporations generally follow unstated as well as stated rules of conduct intended to promote mutual cooperation and deter cheating. Further, although not immune to greasing the wheels with bribes or payoffs, global marketers that must answer to strict home-country standards typically act with a high level of transparency and honesty.

For global brands, even competition with competitors means playing by rules partially based on cooperative norms. Casting aspersions on each other's product, for example, can end up reducing consumer demand for both brands. In addition, firms with global brands can benefit by self-policing the industry to weed out firms that don't meet high standards. They can also benefit by supporting a national infrastructure of laws, contracts and intellectual property protection that rewards cooperative behaviours. In turn, such infrastructure and high performance standards can help to build social capital and support good governance.

Bonding

Global brands, and brands in general, play a bonding role. Members of social groups often express group identity through brand choice – whether clothing, automobiles, sports-team affiliation or beverage choice: a visible sign of in-group/out-group status.

Consumers may also forge bonds based on common brand allegiance, as when fans of a particular model of car form a club. Global brands usually try to create emotional connections with consumers, and these emotional connections tend to nourish such brand-affinity forms of association.

Global brands can also help glue together larger groups of people. People are inherently social, and often value being on the same wavelength as others. Marketers of global brands possess the resources to produce and sell millions of units of blockbuster fashions.

Increasingly, global brands are creating deeper bonds with consumers by involving them in co-creating brand meaning and brand offerings. For the British *Pop Idol* television reality show and its many international spin-offs, consumer contestants create a large part of the content, and the consumer audience votes on results, contributing to the huge popularity of the show.

Bridging

Global brands serve a bridging role by linking consumers across national boundaries, cultures and social groups. The young person in South America wearing a New York Yankees baseball cap may never have seen or heard a broadcast baseball game. But by wearing the brand, he expresses a desire to participate in the broader world culture – without having to relinquish valued aspects of the traditional culture.

Marketers of global brands actively play a bridging role when they add together small groups across countries to constitute a viable market

niche. Serving these niches on a custom basis forges additional links across national boundaries.

Consumption of global brands appears to promote diversity and tolerance of foreign cultures and peoples. Many in the Arab world strongly disapproved of United States government policy under George W. Bush but respected US brands and individual Americans. Global marketers, from McDonald's to IBM, have worked to build goodwill through localising their brands by adapting product offerings to national preferences, promoting local managers to senior positions in overseas subsidiaries and contributing to community development in host countries.

The worldwide web, Google and social networking sites – largely funded by advertising revenues from global marketers – enable consumers to network and spread information quickly to peers in far-flung places. Likewise, in the business-to-business world, big global brands use the web to connect, in efficient and guaranteed transactions, with small buyers and suppliers scattered around the world.

GLOBAL BRANDS AND ECONOMIC PROGRESS

Following setbacks in achieving long-lasting advancements in emerging economies through economic reforms alone, institutions such as the World Bank have been exploring the linkages between social capital and economic performance. Increasingly, developmental economists see societal institutions that help to create high levels of trust as essential for achieving permanent economic, social and political gains.

Top global brands that adopt best-practice marketing sustain institutions of civil society through legal, fair, transparent and trustworthy exchanges with consumers. In tune with a commitment to corporate social responsibility, many global brands are partnering with NGOs and public-policy makers to find market and non-market solutions for recognised and emerging public needs. That could mean charging lower prices in emerging economies or developing new infrastructure. Many NGOs themselves possess highly trusted global brands that help them to leverage their efforts to solve important social problems.

Controversy over global branding practices will likely persist, despite widespread consumer liking of global brands. However, the concept of social capital suggests several important mechanisms whereby global branding and marketing may produce positive social outcomes.

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Five secrets to brand success

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Brands and branding have endured for years, centuries in fact. And despite dire predictions from some pundits, there really is no reason to expect that brands cannot continue to thrive for years to come. At their best, brands convey and signal different kinds of information that allow consumers to reduce risk, simplify decision-making and achieve greater satisfaction in their lives.

To consumers, strong brands make their lives a little – or even a lot – better. But, as has always been the case, there will be winners and losers in the marketplace. For every strong brand, there are other, competing brands that struggle to achieve or maintain similar success.

What will separate the winners and losers, in part, is how well those brands are managed, especially in terms of how effectively the prevailing branding trends and developments are understood and handled.

One of the fascinating aspects of branding is the constantly shifting environment in which marketers operate. The rules of the branding game change constantly. What worked ten years ago might not work now and almost certainly will not work ten years from now.

Brand management has had to evolve through the years as a result of technological, social, economic, natural environment and other changes.

Arguably, the dawn of the 21st century has brought more changes in the marketing environment than have been experienced in a long, long time.

HOW TO BE A SUCCESSFUL BRAND

So what, then, is the prescription for branding success in the coming years? What are the important branding priorities on which to focus?

Although a number of issues exist concerning brand measurement, ROI and accountability, as well as the optimal organisational structures and processes for effective brand management, we concentrate on actual marketplace effects in branding.

Here are five keys for brand success that reflect the recent shifts in the branding environment.

1. Find Out How Much Involvement Consumers Actually Want

This means practising 'participation' marketing rather than 'one-to-one' or 'permission' marketing.

Much has been made of the newly empowered consumer – in charge, setting the direction of the brand and playing a much bigger role in how it is marketed. There is no question that consumers are more actively involved in the fortunes of brands than they have ever been before.

But the reality is that only some of the consumers want to get involved with some of the brands they use and, even then, only some of the time.

Consumers are, after all, just people with lives, jobs, families, hobbies, goals and many other commitments. Many, many different things matter more to them and take up more of their time than the brands they consume. As much as a consumer may personally value a brand, that doesn't mean that he or she would necessarily have the interest or even the opportunity to get actively involved – directly or indirectly – in influencing its fortunes: that's the marketer's job.

Largely due to the internet, consumers can choose to become more involved than ever with a brand – communicating with the company and/or other consumers about their likes and dislikes and even how it is marketed. No question, some consumers will choose to become engaged at a deeper level and marketers must do everything they can in the coming years to encourage them to do so.

Nevertheless, many consumers will choose *not* to do so, and understanding how best to market a brand, given such diversity in consumer backgrounds and interests, is crucially important.

Along those lines, concepts such as one-to-one and permission marketing have been proposed in the past as one means to more effectively address the newly empowered consumer. However, one drawback to such concepts, is that they often presume that consumers know what they want. In many cases, consumers have difficult-to-express, undefined, ambiguous or conflicting preferences. As a result, consumers may need guidance and assistance in forming and conveying their preferences.

In that regard, 'participation marketing' may be a more appropriate concept to employ, because marketers and consumers need to work

together to find out how the firm can best satisfy consumer goals given their knowledge and interests, and what they are willing to put in to and hope to get out of the brand.

2. Recognise the Increasing Importance of Design

An increasingly crucial component of the value propositions for many firms is the design of their products and services. Adept marketers at firms such as Apple, Nike, Ritz Carlton, Singapore Airlines and Samsung are maximising functional and aesthetic aspects of the design of their products and/or services. Product design is not only how a product works, but also how it looks, feels, or even sounds and smells. Service design similarly is a function of all sensory aspects of a consumer encounter and experience with a brand.

With the right design, a brand offers advantages in product and service performance and imagery that can create significant functional and psychological benefits. A well-designed product or service affects consumers rationally and emotionally.

However, developing increasingly better-designed products and services requires a clear, comprehensive and up-to-date understanding of consumers: how they purchase and use products and services, and how they think and feel about brands.

Design considerations will increasingly drive the innovation pipeline in terms of both new, as well as improved, products and services. Competitive advantages and brand strength will thus come from having better-designed products and services than competitors, providing a wider range of more compelling consumer benefits as a result.

3. Assume Integration is the Norm

The diversity of means to communicate about products and services and sell them to consumers has exploded in recent years. Major shifts in media viewing habits have emerged due to the fragmentation of TV viewership; the growing use of DVRs, video gaming and internet broadband; the rise of mobile phones as a ubiquitous tool; the explosion of online blogs and social communities; and the greater importance of events, experience and buzz marketing. Some of these developments have also affected how companies now distribute their products and services.

Marketers are increasingly embracing traditional and non-traditional communications, and different types of personal and mass media. It is hard to imagine a modern communication programme that does not attempt to skilfully combine some form of: (1) online, interactive communications, (2) 'real world,' experiential communications, and (3) traditional, mass-media communications. Such a combination helps marketers to inform, entertain, persuade and engage consumers, and initiate ongoing conversations and dialogues. Marketers are also combining 'push' and 'pull' in their distribution strategies, selling directly via the mail, the internet, telephones and cell phones, and company stores, while also selling indirectly via different types of wholesalers and retailers.

Savvy marketers know that any communication or distribution option has strengths and weaknesses, and can accomplish different objectives. They should therefore be combined in such a way that the advantages of one option help to offset the disadvantages of another. Skilfully choosing some communication options that share meaning and others that offer different meaning helps marketers to effectively translate their brand positioning and 'paint a picture' of their brands in the minds of consumers.

Similarly, a well-integrated channel strategy should maximise coverage and minimises conflict in a way that, directly or indirectly, increases consumers' propensity to purchase and use the brand. Collectively, communications and channels need to be combined in a way to maximise their joint effects, so that 'the whole' is in fact greater than 'the sum of the parts'.

4. Practice Social Responsibility

Corporate social responsibility and a corporate point-of-view on societal, environmental and community issues will increasingly be necessary.

In part due to the heightened media coverage of business, there is greater transparency and awareness of companies and the words they use and actions they take, both inside as well as outside the company. Of greater concern to many consumers these days, especially younger ones, is whether a company is doing 'good things' in terms of all aspects of society and the environment, and all facets of their lives.

Marketers will need to proactively exhibit behaviour that is ethically, morally and socially responsible. Marketers need to find 'win-win' solutions with 'cause' marketing programmes and other activities that allow them to enhance the welfare of consumers while still running their businesses profitably.

If designed and implemented properly, cause marketing programmes can accomplish a number of objectives for a brand: building brand awareness; enhancing brand image; establishing brand credibility; evoking brand feelings, creating a sense of brand community and eliciting brand engagement.

However, to receive brand equity benefits and for long-term programme sustainability, it is important that cause marketing efforts be branded in the right manner. In particular, it is important that consumers be able to make a connection from the cause to the brand.

Perhaps the classic example of doing so is McDonald's, which has effectively leveraged its Ronald McDonald character and its identification with children via Ronald McDonald House Charities. This well-branded cause programme enhances McDonald's reputation as caring and concerned for its customers.

5. Brand Architecture Needs to Be Comprehensive

The brand architecture strategy needs to be more comprehensive in order to maximise growth across products, consumer segments and geographical markets.

Brand growth requires a well-thought-out and implemented brand architecture strategy that defines: (1) the potential of a brand, (2) the types of product and service extensions that allows a brand to achieve its potential, and (3) the brand elements employed, and positioning and images conveyed about all the different offerings for a brand in different markets and to different consumers.

A good brand architecture helps to define brand boundaries in terms of what products or services the brand represents, what benefits it supplies and what needs it satisfies. A good brand architecture provides 'guard-rails' as to appropriate and inappropriate line and category extensions. It clarifies the brand to consumers and motivates them in terms of which are the right versions of the product or service for them.

In defining brand architecture, a number of guidelines exist to ensure that the right brand portfolios and brand hierarchies are put in place. Two key principles of brand hierarchies are the principle of relevance – put as much equity as possible at the highest possible level of the hierarchy – and the principle of differentiation – ensure that offerings at any one level of the hierarchy are well distinguished. Similarly, a number of guidelines exist as to how to also leverage a brand across markets and market segments. Understanding the relevance of the brand promise and how it should best be translated and adapted to different markets is of fundamental importance.

Given that the vast majority of new products are extensions and the vast majority of new products fail, the implication is clear: too many extensions fail. Why? Extensions are not creating sufficient relevance and differentiation in their product or service categories. An increasingly competitive marketplace will be even more unforgiving to poorly positioned and marketed extensions. Marketers must be rigorous and disciplined in their analysis and development of brand extensions to increase the likelihood of success.

CONCLUSIONS

Recognising the substantial intangible value of brands to a corporation, branding is likely to remain a top priority for organisations of all kinds. Successful branding in the 21st century, however, requires new areas of emphasis and new skills. In this article, five priority areas were identified and briefly discussed concerning:

1. actively engaging in participation marketing
2. crafting well-designed products and services
3. developing fully integrated channel and communication strategies
4. embracing enlightened corporate social responsibility
5. designing and implementing a robust brand architecture strategy.

Obviously, each area is complex and challenging, and deserves greater analysis and discussion. But, regardless of the particular outcomes of that debate, one fact will remain. Branding has been and always will be a combination of art and science. If there is one safe prediction to be made about the future of branding, it is that the logic and creativity of the marketers involved will be the single most important factor determining the fortunes of brands and separating the winners from the losers.

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Cynical consumer seeks brand for meaningful relationship

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The end of the second millennium saw quite a few bereavements for the citizens of the developed economies. God has apparently been on the critical list for a while, which has led people to seek solace in the material rather than the spiritual comforts of life. Communities in their traditional forms of the extended family, the neighbourhood or the village have ceased to be a major factor in many people's lives, leaving us with a deep emotional need to find substitutes or to create simulations.

Certainty has also deserted us: we were already struggling to cope without the support systems of church, family, community and welfare state when along came men with beards who threatened us with the prospects of instant death in a terrorist explosion or protracted misery as the entire planet goes into ecological meltdown. And in this century a very persuasive cast of media-friendly experts, such as Michael Moore, Naomi Klein and Morgan Spurlock, have orchestrated popular cynicism about the good intentions of our political and corporate leaders.

So, *No Logo* notwithstanding, brands have come to hold a pretty important role in people's lives. Do you believe in Coca-Cola's 'glass half full' philosophy of life? Do you belong to the Nike community or the Adidas community? Do you trust VW to make a decent car? Have you ever thought of going to Innocent's Fruitstock? Anyone who has ever dozed through a Brand Health Tracking presentation will have noticed the amazing resilience of brands – they really do sustain a pretty constant bundle of associations in people's minds, proving resistent to all sorts of factors that one might expect to change them.

So, we may not trust the companies that make the brands, but we trust the brands themselves; and although we are very cynical and savvy about attempts by the marketing and media industries to manipulate us, we all have favourite brands. At first sight, this may seem odd, or desperately sad. But that would be a mistake, based on a number of false assumptions – about human relationships in general, about the way that people relate to brands, and about the way that marketing communications work.

HOW DO I LOVE THEE?

The classical economic model of rational consumer behaviour has been under attack for a few decades now. It doesn't describe how real people make real decisions, because it ignores the inequality of information available to them, and it overlooks the enormously important role that emotion plays in all human decision-making.

We don't need to start making special cases for brands to realise that we can all decide to enter into relationships on the basis of fairly flimsy evidence. Look around you – what on earth does she see in him? Let's be brave and take it closer to home. I love my wife to bits and have every reason to believe that the next 20 years of our marriage will be as good as the last 20 have been. But ask me to fill out a questionnaire, specifying whether she is the most beautiful, the most intelligent, the most self-lessly saintly human being on the planet, and I will probably look for the 'DK' column (unless she is looking over my shoulder of course).

There is nothing shameful or sad in this. It is the 'Don Juans', the ones who can never settle down with anyone because they are always haunted by the possibility of finding someone even better, who need psychiatric help. It is entirely and wholesomely human to make commitments and stick to them, and to process our experience to fit around them, rather than the other way around. And if this is the case for the people we share our innermost thoughts and feelings with, who is to say that a deodorant needs to do more to win us over?

CUTTING THE CRAP

'Life', we are told 'is too short to stuff a mushroom.' Whatever your take on fungi, there certainly isn't enough time for exhaustive research and careful deliberation over every purchase decision we make. Marketing people often talk rather grandly about how brands provide 'reassurance' and 'certainty'. The idea behind this is sound, but the language is a bit OTT for the vast majority of buying decisions. Brands simply provide a short-cut, because whether I buy brand x or brand y really isn't a matter of life and death. So we buy on a whim, or go for the habitual choice, or look for the special offer.

This may help to explain why 'rational messages' have turned out to play such a relatively unimportant part in marketing effectiveness. Many marketing gurus,[1,2] have argued persuasively for the primacy of emotion in marketing communications. Most recently, the IPA's own analysis[3] of what worked and why across its database of 880 Effectiveness Awards case studies, provides a rigorously supported and compelling argument. This is unsurprising, given the importance of emotion in all decision-making, but we shouldn't get too carried away with this word 'emotion'. It can refer to great, earth-shattering, life-changing passions or simply to a mild feeling of preference. In most cases of brand choice, the latter is quite enough, because we simply don't care that much. If we did, all those poor qualitative researchers wouldn't face such an uphill struggle to 'get the group warmed up' when they are being asked to debate the relative merits of brands a, b and c.

So, in many cases, the marketer's job is not to 'deliver the message' or to 'persuade' consumers, nor even to make them care, or (in any true sense of the word) to 'build a relationship' with them. It is simply to associate the brand with ideas, feelings, images, experiences or anything else that will increase their likelihood of choosing it when making a purchase. It should be easy, but for decades many in our

industry seem to have been hell-bent on making it as difficult as possible.

THE ELEPHANT IN THE GLOOM

This brings us to the last and most encouraging point of all. Most people want to like brands. They are increasingly suspicious of the companies behind them, and cynically aware of the techniques used to 'manipulate' them. But we don't suspect everyone we meet of being a psychopathic killer until they have set our minds at rest. Apart from the hard work this would require of us all, liking is simply a more pleasant state of mind than disliking; so why not be generous with 'the benefit of the doubt'?

And, in a similar way, we don't go around hating every new brand we find, until it has proved itself worthy of our goodwill. We may never really care about brands as much as we do about people, but we can feel mildly positive. Sadly, there seems to be a diminishing list of candidates that we can feel good about in the overheating, terrorised, politically disenchanted, celebenfreude world we live in.

What other explanation can there be for how the marketing industry has got away with such cultural murder for so long? The most extreme case in point has to be that particularly scabrous sub-class of drivel known as 'skincare ads'. Who on earth would believe such a load of old cobblers? Why, the target market of course; women (and increasingly men, too) who are worried about looking old. They are prepared to believe practically anything, however ludicrously pseudo-scientific, so they willingly swallow an indigestible goulash of molecules and meaningless polysyllables. And now, thanks to the wonders of spam, our inboxes fill daily with the 21st-century masculine version of this pandering to deep-seated anxiety – penis enlargement!

Presumably people keep falling for it, or the spammers wouldn't keep sending it out. If you believed in the primacy of the rational, you would assume that something as important to people as looking old, or being under-endowed in the bedroom department, would make them incredibly rigorous and picky about what they spent their money on. But in fact the reverse is true – they feel so emotional about it that they fall for any old nonsense.

A similar paradox is at work with people's feelings about brands. Paranoia about the evils of the marketing communications industry and emotional attachment to brands are two sides of the same coin. Any researcher who talks to people about brands and marketing will tell you about how knowledgeable, how cynical and how savvy they have become about the tricks of our trade. And yet, at the same time, the power of brands has continued to rise inexorably. Our positive feelings about particular brands may serve as an ever-more necessary comfort, as we confront the endless revelations of devious skulduggery in the business community.

Dan Ariely[4] reports on a variety of experiments in which a transaction based on a 'social norm' (such as 'please pick up your kids from the day care centre on time') was compared to one involving a 'market norm' (such as 'we will fine you if you don't pick up your kids from the day care centre on time'). The latter approach was not nearly as effective as the former – but once it had been introduced, the 'spell' of the social norm was broken; in this case, parents carried on being selfish about arriving on time at the day care centre even after it had gone back to appealing to their consciences. Most importantly, we seem to prefer social norms to market norms – we don't want to be reminded that we are nothing more than cogs in Adam Smith's market mechanism.

So, it seems reasonable to suggest that marketing communications work best when they help people feel good about brands. And most of the time most people will be willing us to succeed. This fact has been staring us in the face, but still we scurry off to make our jobs as difficult, unrewarding and ineffective as we possibly can, clinging to the wreckage of 'messages' 'USPs' and 'strong preference'. Maybe this is the puritan ethic at work – if we faced up to the fact that our task is simply to create likeable stuff that encourages people to feel good about brands, how could we justify getting paid so much for doing it?

In most cases, our primary obligation should simply be to create appropriately branded communications (or 'content') that people will feel sufficiently good about that they don't ignore it or switch it off (or in extreme cases, start to hate it for being so desperately dull and/or irritating). Sometimes we succeed, but it is scary to look at how unpopular our industry's efforts are when measured against simple, low-budget stuff like putting Mentoes into Coke bottles or enacting the history of dance on a stage in front of a small audience. (At the last count, the dance film had received over 78 million hits on YouTube, and the bottle fountains have had around 50 million hits.) No advertisement features in YouTube's Top 100. Aren't you ashamed?

BRING ON THE BURRS OF SINGULARITY

You can't beat a good gag. It provides valued entertainment in its own right, and associates the brand responsible with the 'GSOH' that is such a staple of all lonely hearts ads. But there is a finite supply of knockout rib-ticklers, and sometimes a brand needs to convey something more than that it likes a laugh – though probably not nearly as often as most overwrought brand managers assume. Words like 'insightful', 'sympathetic' and 'sophisticated' often come into play when marketers talk about how they want their brands to come across. But all too often this gets lost in translation because of anxieties about 'single-minded messages' and the like.

As a result, we end up breaking three of the golden rules of seduction: don't appear desperate to impress; don't take yourself too seriously; and don't talk down to your intended conquest. The great David Ogilvy used the phrase 'Burrs of Singularity' to describe those illogical but essential elements of an execution that make it stick in people's minds and work harder than you might have expected. The eye patch on the 'Man in a Hathaway Shirt' is a perfect example of this. It doesn't make sense, it isn't obviously attractive or admirable, but it just makes the whole thing a bit more interesting, and implies to the reader that the brand has some sort of personality that goes beyond a ruthless drive to sell stuff. Apparently it worked really well – perhaps in part because it enabled people to believe that there was something likeable about Hathaway.

In a world where earning attention dollars is a more cost-effective strategy than buying them, and where people are looking for brands to like, we need more burrs and less bullshit.

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Brand valuation: from marketing department to boardroom

Rita Clifton
Interbrand

This idea of brands functioning as corporate assets, rather than expenses, might seem obvious now, but was the basis for some revolutionary thinking. The breakthrough was to express the value of brands in financial and accounting language – the language of the board-room – and to integrate marketing frameworks within that.

The challenge now and into the future is ensuring that brand valuation is done properly in the first place so that it can be used as a fundamental and consistent piece of management and measurement information throughout an organisation. Through constant development of brand value metrics, we can now understand the precise economic benefits that brand has on every aspect of a business.

It is now possible to not only quantify a brand's contribution in the decision making process and measure its competitive strength in acquiring and retaining customers, but to predict the value of an innovation and understand which elements of the brand experience and customer touchpoints should receive the most investment to generate the best return. (Increasingly important now that the vast majority of brands have a service element and multiple touchpoints).

Also, bearing in mind that brands are demonstrably the most important and sustainable assets any organisation has, the future must be about generating that value more sustainably – economically, socially and environmentally. If there is any benefit to the current world crisis on so many fronts, it may be that there will be the motivation to re-boot political and business structures on sustainable models. That is, measuring and rewarding people on sustainable value creation, and doing this in a way that builds social cohesion and environmental protection.

TURNING SOFT PROPERTIES INTO HARD ASSETS

The need to have more robust measurements for brand value came to a head for me at Saatchi & Saatchi, working as a planner on the British Airways account.

We had produced some extraordinary advertising campaigns with them, building an image for the airline that set it apart from competitors. At that time, the senior leadership of the airline had an instinctive belief in the power of the brand, and recruited some of the best marketing talent to innovate across the brand experience.

However, by the early 1990s, financial pressures meant that any activities that could not be measured and quantified were vulnerable. Knowing that Interbrand had pioneered brand valuation in the 1980s (to a great deal of scepticism at the time, it has to be said), we brought the firm in to do a brand valuation.

This demonstrated, amongst other things, that the British Airways brand was the most valuable airline brand in the world (despite being dwarfed in revenue terms by the American carriers), and that the British Airways brand was a hard, quantifiable economic asset to the company. And that being an asset, it needed to be invested in for the long term and maintained in proportion to its value, just as any physical asset (like a plane) needed maintaining.

INTANGIBLES ARE A SIGNIFICANT COMPONENT

The intangible element of the combined market capitalisation of Standard & Poor's 500 companies has increased to around 80%, compared with some 30% 20 years ago; and it is likely to grow even further as tangible distinctions between businesses become less sustainable. The brand element of that combined market value amounts to around one-third of the total, which confirms the brand as the most important single corporate asset. Globally, brands are estimated to account for approximately one-third of all wealth.

Looking at the economic importance of brands on an international stage, the 100 most valuable brands in 2008 were worth over $1.2 trillion, which would make them the 11th biggest 'country'in the world by GDP, ahead of India and just behind Brazil.

From an investment perspective, inspection of brand value, equity measures and audience relationships will give a more complete and realistic basis for underlying value than short-term financial results, which often reflect short-term priorities.

A recent study by Harvard and South Carolina Universities compared the financial performance of the world's most valuable 100 brands with the average of the Morgan Stanley Capital Index and the Standard & Poor's 500. The dramatic difference in performance gives further quantified substance to what is qualitatively obvious. Strong brands mean more return, for less risk, and that's as relevant for the next 50 years as it has been in the past.

THE APPLICATIONS OF BRAND VALUATION

Brand valuation creates added value for many stakeholders: public & social affairs, risk management, investor relations, rating agencies,

controlling, taxes, marketing, strategic corporate development, mergers & acquisitions, and business development. Some of the more specific applications of brand valuation used by the world's best brands are as follows:

Extending the Business Based on the Brand's Equity

Brand valuation identifies the value contribution of the brand asset to shareholder value and makes it comparable to other intangible and tangible company assets. The brand is usually the most valuable asset of the business and offers the biggest opportunity to grow by extending business activities under the brand. It's obviously useful to understand the value drivers of current equity to do this.

Assessing the Economic Impact on Branding Decisions.

Any decision to change a brand's fundamentals – perhaps its strategic focus, its brand architecture or even its colour – will have implications on the brand's economic contribution to the business. The upside potential and downside risks of these decisions can be analysed and quantified with the help of prognostic models and their impact expressed in financial terms.

Setting Performance Metrics for Management Purposes

Management attention needs to be focused on value creation. The value of a brand provides a central platform for financial performance measures and should serve as a performance indicator for various management purposes. These key performance indicators need to be integrated into an all-round performance measurement system within the company. The purpose of performance measurement is to link brand management performance with the strategic goals and the financial success of the company.

Defining Transfer Prices in Tax Related Issues

Brand valuation is key to defining royalty rates when establishing an internal licensing program between parent and subsidiary companies. Licensing can bring a range of financial, legal and operative benefits. Tax relief can be maximized as the incoming royalty stream is taxed at lower rates if the brand is domiciled in a low-tax country. The benefits of an internal licensing scheme are not only financial; it can increase the legal protection of the asset, enhance the rationale for managing the asset across countries and divisions, establish brand management as a profit centre and create a stronger 'brand minded' organisation.

Reporting on the Value of the Brand

Conversations with investors and financial analysts can be facilitated through the analysis and quantifying of brand value. The intellectual capital statement is a management tool and an information source where employees, customers, co-operative partners and investors can see how a company generates value for them. The statements usually include: the (quantified) relevance of the brand to the business; the link between branding and corporate strategy; the measures to track the performance of the asset; and the actions to sustain and grow the brand's value.

Financing Projects and Businesses

Increasingly companies use intellectual property rights such as brands as collateral to obtain debt financing. One option is securitisation of the brand asset. Securitisation is a process that allows companies to raise loans in anticipation of future cash. The debt capital is mostly secured by brand related royalties or in some cases by the sheer value of the brand. The key benefit is the reduction of capital cost and that this transaction is off balance sheet. In a similar fashion, the company's finance can be secured through sales and lease-back of brands. Both schemes can be pursued by companies, which use self-created or acquired brands or plan to expand success through acquiring other brands. Brand valuation provides insight into the value as well as the risk of the transaction and provides a check on the liquidity of the asset.

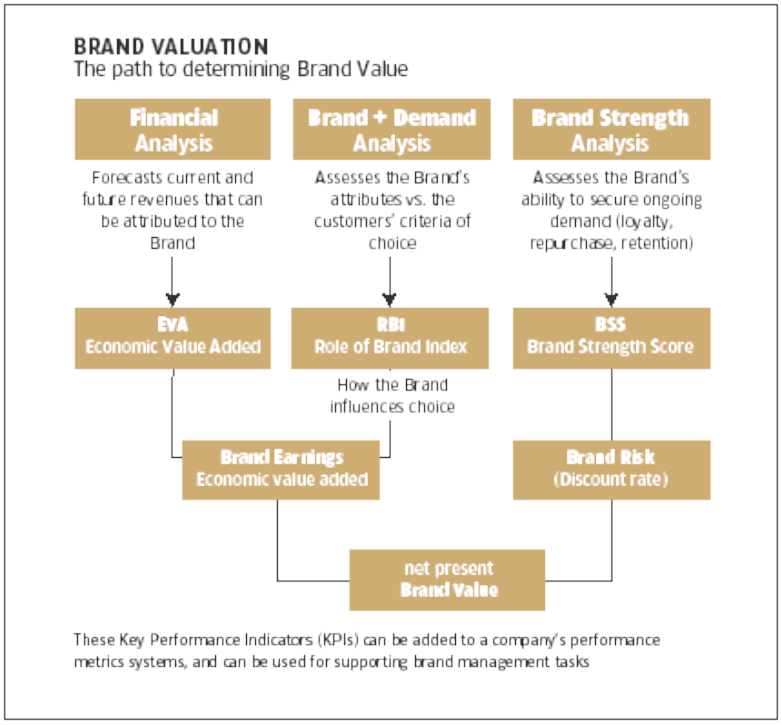

Figure 1: Death of the secondary high street

Defining the Royalty Rates in Third Party Licensing Agreements

Brand valuation provides fair and robust brand royalty rates for optimal exploitation of the brand asset through licensing the brand to third parties. It can determine the fair split of economic benefit from the brand as well as the share of risk and cost between licensee and licensor. The analysis also reveals the most appropriate royalty rates for the use of the brand. These rates apply to all relevant commercial situations including co-branding and licensing into new categories as well as geographical markets.

Providing a Fair Opinion

Brand valuation can serve as a basis for negotiation if the ownership of a brand changes through merger or acquisition and joint ventures. You can evaluate not only the current value but also the potential value of the brand in the context of the new owner. You can also demonstrate the contribution that a brand offers to joint ventures. It allows the share of profits, investment requests, and shareholding in the joint business to be determined.

Building the Fundament in Brand Related Litigation

Brand valuation can be used to measure damage caused by brand infringement and is recognised as a support in claims for damages. As the damage is often incurred in a partial aspect of a brand's total value, in a specific geographic region or during a certain time period, it becomes crucial to assess the damage of the brand's equity and translate it into a monetary value. In a legal case, these kind of fact based arguments and logical interlinking of facts become particularly important for success.

Providing Investment Advisory

Stocks of companies with strong brands tend to perform better on the stock market. These days, it is important for analysts and investors to understand the brand as the key value driver of the business. Brand valuation helps to identify the potential market outperformers by ranking the stocks of a defined universe by Brand Value, Brand Strength and other brand related criteria. Proprietary quantitative financial modeling helps to weight these factors. The interaction of these criteria are needed to select the stocks that lead to a portfolio with the strongest financial performance. Brand valuation provides a tool which can be implemented by investors, fund managers and asset managers.

Legitimising Brand Investments and Internal Business Case

Even now, in many industry sectors, branding is still a much undervalued issue and often perceived as a marketing 'gimmick' belonging to the world of fmcg. Convincing the company's management and other stakeholders about the value and contribution of a brand to the business is often the first step to more professional and systematic brand management.

Supporting Risk Management

Risk management these days has become a much broader issue including legal, reputational, environmental and social liabilities. As these risks are mostly non-transferable, companies have to establish sophisticated risk monitoring systems and action plans to mitigate such risks. Brand related risk is still not sufficiently understood and hard for most companies to grasp. With the emergence of new and supposedly 'soft' forms of liabilities such as reputation or brand, brand valuation and particularly brand risk evaluation become critical to company risk managers.

WHAT TO DO NOW?

It is still true to say that many businesses are in a state of transition to understanding that the brand is not just a 'marketing thing', but a whole 'organisation thing'. As the brand should be the most important and sustainable asset in any organisation, it should logically be used as the central organising principle across all areas of operation.

One of the most heartening conversations I have had recently with a marketing director was when he said his ambition was to 'get the brand out of the marketing department'. He realised that the way to future power was, ironically, to do something that looked like giving the power of the brand away rather than trying to ring fence and be over-protective. But, making sure that the CEO feels and acts like the Chief Brand Officer, and that the HR, operations and all teams feel involved and accountable for delivering the brand is the best way to ensure future maximum brand value all round.

And if some might feel that the current climate is the wrong time to be investing in measuring and managing brand value in more detail, they're wrong. There will never be a more important time to optimise budgets and make sure that every pound is driving demand and creating value. Every boardroom is under greater scrutiny over how shareholder funds are being used and it's essential to be able to demonstrate the specific value of what you are doing.

Looking further ahead, it seems very likely that there will continue to be more curiosity by the widest range of stakeholders of how businesses are being managed, and what is being measured in a way that is going to generate real, substantial and sustainable value. It's always nice to be prepared.

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Account planning: back to the future?

Paul Feldwick

Account planning began in two London agencies over 40 years ago. As most people working in advertising or marketing today were not even born in 1968, it is worth remembering that not only were there no PCs then, there were not even pocket calculators; that while the internet did not exist, neither did colour TV in the UK. But no changes since then have perhaps been as important for the advertising world as the two big shifts in ad agency structure: the virtual disappearance of the commission system, and the total separation of the media and creative functions.

The ad agencies into which account planning was born were basically media-buying businesses, making their comfortable and predictable incomes from media commissions. Most other services, creative or strategic, were funded by commissions, and served to attract and keep the accounts. In the 1950s, agencies had developed market research and strategic services among these added extras but, by the 1960s, advertisers were building their own marketing and research departments. This left the agencies with the choice of either abandoning these functions, or refocusing them. Stephen King at JWT and Stanley Pollitt at PWP (later BMP) both took the view that the tools of research and strategy should be central to the ad agency's offering. Therefore these resources needed to become more central to the ad development process, and more focused on the goal of making marketing communications more effective. 'Media planning' had already emerged as a strategic, evidence-based approach to making media decisions – this attitude was to be extended to embrace the creative product as well, and the name 'account planning' was coined by analogy.

Account planning in its origin, then, was not an additional resource, but a redefinition of existing departments. It's clear from their writings, however, that for both King and Pollitt this was much more than a simple streamlining of a complex organisation. It was in fact a radical manifesto for reinventing the advertising agency around one dominant principle – that of effectiveness. As Pollitt put it, this was 'more important than maximising profits, more important than keeping clients happy, or building an agency shop window for distinctive looking advertising' (Pollitt 1979; Lannon and Baskin 2007).

Put like that, this high aspiration is just as revolutionary today as it was then – most obviously because it upsets the traditional balance of power in the ad agency between the account director (who owns the client relationship) and the creative director (who owns the product). Now a third power needed to be accepted – the account planner, described in the early days both as 'the voice of the consumer' and 'the account manager's conscience'. Pollitt envisaged every account team as based on this triumvirate, who would work together with equal power, though admittedly in a state of 'creative tension'.

At the same time, the original blueprint for the account planning function differed from much established market research practice, dominated by an obsession with quantification and objectivity, which others were already finding inappropriate in the social sciences. King and Pollitt were all in favour of rigour and numbers where possible, but, equally, believed that you could not understand people unless you gave equal weight to qualitative research and more subjective impressions.

A final key ingredient in the account planning vision was the importance attached to understanding better how advertising worked, a question that has huge implications both for measurement and the campaign development process. Based on rigorous studies of the evidence, King and his colleagues especially began to articulate new models of advertising quite different from the simple, one-way message-transmission thinking of Rosser Reeves. They began to suggest that, as King put it, 'most advertising aims to intensify or lessen people's existing predispositions. It is not trying to drive something new into their brains.' Brand relationships and emotional responses were more important than rational propositions, and research methods based on concepts of recall or conversion were criticised.

These four ideas – the agency commitment to business outcomes, the centrality of consumer understanding in campaign development, a broad epistemology of research, and an open-minded curiosity about how ads work – constitute, in my view, the core of the account planning manifesto (Feldwick 2007). Forty years on, there are two questions I should now like to discuss:

1. To what extent has account planning in agencies fulfilled its original, radical vision and promise?

2. How far do these ideas still make sense today, in an agency world whose business model has changed fundamentally, and in which creative and media are separated?

ACCOUNT PLANNING: A SUCCESS STORY?

On the face of it, account planning has been a success. Most agencies have planning departments, though not always under that name, both in the UK and elsewhere. Many very talented people have worked in these departments and made major contributions to successful campaigns, as well as contributing learning and ideas to advertising theory and research. The IPA Advertising Effectiveness Awards papers now present substantial evidence of account planners' contributions over the last 30 years, and are themselves an invaluable resource to the world of advertising. Winston Fletcher (2008), in his excellent history of UK advertising since 1950, even argues that, without account planning, creative agencies would already have ceased to exist given the departure of media. This would be planning's victory narrative, and it would be churlish to underestimate its strength.

Seen against the original vision, however, it's possible to take a less triumphant view. Most account planning departments are relatively small in numbers, and lack equal power with account management and creative. Chris Hackley's research (2003) shows planning

relationships with the rest of the agency frequently unhappy and conflicted. Nor have ad agencies been conspicuous as thought leaders in communications, allowing research companies to take the intellectual high ground. More original thinking has been published by ex-planners (e.g. Adam Morgan, Mark Earls, Robert Heath) than sponsored by agencies themselves. The models of advertising (and the processes derived from them), which King and Pollitt criticised, are still the dominant ones (Feldwick and Heath 2008). Despite the great achievement of the IPA Effectiveness Awards, agencies' daily practice is still far from being driven by a commitment to business outcomes. Indeed, agency cultures and processes have remained remarkably unchanged over 40 years, despite the fundamental changes in their business model.

Whichever of these two judgements you prefer, it is undeniable that an awful lot has changed in 40 years, and the question of what we are to make of account planning as an idea today is both legitimate and relevant. Here is my attempt at an answer – and whether or not you agree with it, I suggest the question deserves attention.

IS ACCOUNT PLANNING STILL A USEFUL IDEA?

The creation of marketing communications in organisations can easily become confused and conflicted by politics, by fear of failure, by structural barriers to learning, by the contradictions between the need for humanity and creativity, by the organisational pressures for rationality and control, and by many other things. These problems will not go away, but for me the core principles of account planning still offer the most reliable guide to focusing on what really matters, and how we should apply our energy most usefully to the task.

- The goal is always about effectiveness, by which I mean outcomes that benefit the organisation on whose behalf we are working. This normally means we must bring everything back to behavioural and business outcomes, both short and long term. When in doubt, our best judgements about these must always be more important than pleasing the client, double guessing the boss, beating a mandated norm, winning a Golden Lion, making a quick buck or covering our arses. It's not always easy, but this is the only solid ground to stand on.

- The first area that demands our energy and resource in pursuit of this goal is a continual referring back to the real world of the market, the consumers or customers or public, the ways they behave and the ways they experience the world. This requires us to develop skills in unbiased listening and observation, in imagining how things look from a different place, in challenging our own casual or self-serving assumptions, where possible using rigorous measurement. The answers to our questions, if they are to be found at all, are not in our airless meeting rooms, but out there in the marketplace – if we are prepared to look for them in the right way.

- The other task for our attention is to build, from experience and reflection, better and more useful models of the processes by which communications influence behaviour. It is striking how little active inquiry this central question receives in the workplace – at best it is discussed in conferences and journals, but it should be at the core of what communications experts do. As long as this topic remains, for practical purposes, largely undiscussable, we cannot expect to learn or to improve our practice.

However the media landscape or society change, it seems to me that these ideas remain centrally important – perhaps, in times of change even more so, because they force us back to first principles when we can easily be trapped in habitual behaviours that no longer work. It might even be objected that these principles are statements of the obvious – and, in a way, that is fair comment. But it is far from obvious that these principles drive the everyday practice of communications agencies today.

It is one thing to talk of principles, but what of practice? In 1968 Pollitt and King had clear and practical ideas about what all this meant for agency processes, systems and structures. Today this is far more problematic, because of the changes that have taken place in the agency business. Whose responsibility is it, today, to ensure the effectiveness of the campaign? Is it that of the creative agency, the media agency, the research agency? Or maybe the digital agency, the direct response agency or any of the other specialists? Does it have to stay firmly within the advertiser's own organisation? Does it have to be all of the above, and, if so, how can conflict and duplication of effort be avoided?

Another set of questions involves the reward structures that will motivate a commitment to effectiveness, to research and to improved understanding. The commission system may have had many failings, but it ultimately rewarded the agency that both kept the account and grew the business. Agency-client relationships tended to be stable over long periods, allowing agencies to take a long-term view of what would benefit the client's business. So far no remuneration system has been devised for agencies that does not create distortions – even payment by results, appealing in theory, has proved very hard to operate in practice. Cost plus systems actually reward wasted time; few agencies today have either the incentive, or available resources, to become more efficient or effective.

All these issues are symptoms of a business that has become unnecessarily fragmented, that lacks a sustainable business model, and that nevertheless continues to exhibit many of the same processes and cultural norms that it did 40 years ago. If Winston Fletcher is correct in saying that only account planning is enabling 'creative' agencies to survive, the present situation cannot continue unchanged. I would not want to forecast how it will resolve itself, but it seems inevitable that it will, and that this will involve some kind of 'rebundling' of the functions of creative and media, brand and direct, broadcast and online media, which are now fragmented. But, however this evolves, and whether or not 'account planning' survives as a name or as a separate department, I would like to hope that the core principles behind Stephen and Stanley's Big Idea will be an important part of the solution.

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Herding cats: managing creativity

Richard Scase
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As is well known, managing creative employees is rather like shepherding herds of cats. By 'creative', I mean those men and women who are at the core of innovative processes, whether they are working in the R&D departments of pharmaceutical companies, the makers of TV films or those working on campaigns in advertising agencies. Essentially, it is their ideas that are converted into the saleable products and services upon which the survival and growth of organisations depend. If their ideas dry up, so, too, does the lifeblood of their businesses.

Creative employees value their personal autonomy and, therefore, expect to enjoy the working freedom within which this can be exercised. Management, on the other hand, derived as a set of supervision and monitoring practices created for the predictable work processes of the old manufacturing corporations of the 20th century, likes to impose controls to measure both quantity and quality of output. Hence, the tensions between 'creatives' and accountants and project leaders in so many organisations.

One of the major forces of these changes is the 'iPod generation' – the growing band of highly talented young people who are IT savvy, very creative and demand very different conditions under which to work if they are to exercise their personal skills for the good of their employing organisations.

GOOD IDEAS CAN COME FROM ANYWHERE

In the past, 'workplace' meant just that: a place where work was done, and little else. Today, it's a place where ideas are exchanged and problems solved. While many valuable ideas are generated inside offices, factories, and laboratories, an equal number are exchanged in bars, cafes and bathtubs.

This is why executives shouldn't delude themselves into thinking they can foist creativity onto their employees like some kind of dress-down directive. Yes, idea generation is becoming ever more important to companies the world over. But it's not a business function in itself. Generally, it's the side-effect of a certain type of corporate culture. You can't legislate for it, per se. What you can and should do is ensure that your staff have their imagination stimulated, acknowledged and rewarded.

In bioscience, many companies already offer their staff a stakeholder interest in any ideas they generate that become successfully commercialised. This not only helps them to develop new products and services but also to prevent staff from leaving to become entrepreneurs, taking their best ideas with them. By contrast, in the entertainment industry, recognition is the principal spur to innovation and is becoming available in an increasing number of flavours.

FUTURE COMPANIES THAT NEED A VERY PARTICULAR KIND OF CREATIVITY

A culture is needed that creates platforms from which they can continuously develop new products and services for changing market needs. They need to be able to build scenarios – gathering high-quality information about customer tastes, then subjecting it to intelligent interpretation.

Nokia

The Finnish mobile phone manufacturer began life in 1865 as a wood-pulp mill. During the 1990s, it envisaged a world characterised by mobility, in which people regarded boundless communication as essential to their social life as well as their professional life. Since then, it has take on some of the world's giant electronics companies and won itself a 40 per cent share of the mobile market, while doing more than any other company to accessorise the mobile phone.

Apple

Similarly, when Apple Computers launched the iPod in 2001, it seemed an unnatural step for a company with no experience of producing portable music players. In fact, it was a runaway success that catalysed an entirely new industry – the retailing of music and other entertainment content online.

Organisations don't have to operate at the cutting edge of science or entertainment to benefit or suffer from these trends. Many companies already have initiatives in place to reward employees, no matter what their rank, for generating ideas that have an impact on the bottom line.

Indeed, good ideas are likely to flow more often from front-line members of staff because they are more likely to deal with customers, get their hands dirty with processes handed down from on high and learn more than anybody else in their organisations about local markets.

Equally, a variety of companies are benefiting from the desire for recognition via weblogs. Blogging enables individuals who would previously have been invisible to raise their profile throughout their organisations or industries.

The benefits for employers who permit employees to blog using their systems include the improved dissemination of best-practice information and, in some cases, a safeguard against duplication of research and development.

The drawbacks include an increased vulnerability to headhunting and quandaries over censorship.

INNOVATION IS EVERYONE'S RESPONSIBILITY

The essential point for company bosses to remember, particularly if they are based in the West, is that they must make innovation the business of every employee. In the coming years, it will have the same status that quality assurance had in the 1990s – a distributed process and a collective responsibility.

At the same time, the creative corporation can't innovate in all directions. It must focus on ideas that generate genuine value.

True, western companies will have to reinvent themselves more frequently in future, with a shifting portfolio that responds to consumer needs, but to endure, they must also consolidate what they do best.

WHAT KEEPS A COMPANY THRIVING CREATIVELY?

Most companies have a lifespan of only a few years. Many others have internal processes that are insufficient to keep up with external trends. For most of them, positive change is likely to take the form of a merger or an acquisition – indicators that one of the parties lacks vision or strategic foresight, employs the wrong performance indicators and benchmarks, or has left it too late to unravel its culture of complacency.

Companies with more longevity have a very clear understanding of their core markets, while also having the ability to imagine new ones. The Beatles have en-dured not because they became a different band with each album but because they push-ed their creativity as far as possible while remaining recognisable as John, Paul, George and Ringo. The same principle applies to Madonna – she has succeeded through continuous reinvention while most other music business celebrities pass through like ships in the night.

TRYING TOO HARD

Many large organisations try so hard to read their customers they become reactive rather than proactive in the ways they innovate. Consider Sony in the years between the peak of the Walkman's success and the launch of its PlayStation games console – it knew lots about the people who bought its products but nothing about the people who did not.

The same was the case with British retailer, Marks & Spencer. M&S had great information management systems in place but what it needed was a culture that placed employee imagination over the supposed infallibility of technology. Lest we forget, it is the 'software culture', still widespread in many industries today, that has created rigid processes of the sort we all suffer from when dealing with call centres.

To thrive and survive, you need to be close enough to your customer to sense incipient trends, but detached enough to marshal your R&D, marketing and sales operations accordingly. You also need to collaborate with your business partners to collect and share data, and to ensure your supply chain is ready to handle new sources of demand as they are identified. Customer intelligence, as opposed to mere customer knowledge, is now an essential corporate capability.

YOUR IDEAL EMPLOYEE: WEIRD, EXTROVERT AND NON-CONFORMIST

As the value of brainpower continues to outstrip that of fixed assets, so organisations all over the world, and especially in the West, must spend more time fostering positive and stimulating personal relationships between employees.

Staff may come to work because they love the vision and brand created by the corporate celebrities, but they won't stay unless they get along with their colleagues in the kind of informal, flexible and playful environment that the best innovations require (or unless you bribe them, which is a more expensive and less effective basis for innovation).

The problem with most corporate bonding or culture-building events is that they encourage compliance and conformity, creating superficial relationships and linear thinking.

Even the sexiest brand will see its creative streak wither and die if its staff are constantly told to follow 'the corporate way of doing things'. This is what IBM did in the early 1990s.

What an ideas-based business needs are employees who are individualist, non-conformist, challenging and questioning, as well as willing to accept and deliver positive criticism. More importantly, the organisation needs to be tolerant of such a human melting pot and prepared to make the extra effort to manage its inevitable clashes.

Creating such a culture often demands a change in recruitment practices.

Too many businesses hire people on the basis that they will 'fit in' (who will, in other words, conform to and comply with the status quo). Many reject CVs that indicate numerous career changes, fearing this indicates personal 'instability'.

Yet we know that today's young professionals, especially the young iPod generation, value personal freedoms above all else, and aspire to experiences as much as material goods.

In such a context, frequent job shifts could suggest valuable traits: their independence, for example, could be the result of a high-quality

education and diligent study, while they will undoubtedly have benefited from the experience of a wide range of work environments.

The problem for many companies is that they want to have creative, innovate corporate cultures but are reluctant to take the self-confident risks and recruit people who have exactly the personal attributes needed to bring this about.

JOB DESCRIPTIONS NEED TO CHANGE RADICALLY

In the past, they were defined clearly in terms of pay and responsibility – indeed, the principle of 'instrumental compliance', under which manufacturers use pay as their primary source of motivation. Such an arrangement is totally irrelevant for the knowledge-based businesses of today, where flexibility is more important than stability.

Yet its passing creates problems: for example, if the most creative employees are also the most independent, how is it possible to get them cooperating with others and aligning them with the goals of the corporation, rather than regarding the company simply as a resource pool for personal gain? There is no definitive answer to this question; it's a reality that certain industries such as the media have simply learned to ameliorate or accommodate.

A related issue is that when creatives develop an affinity to a team, it is often because they believe they can use the skills of their colleagues to their own ends or because they enjoy working with others with similar personalities. This is a core feature of highly successful soccer teams such as Arsenal and Manchester United.

But often this can also create counter-cultures within organisations that breed cynicism or resentment, because allegiance is to immediate teams or bosses and not to the ultimate employer.

Taken to the extreme, it leads to corporate fragmentation. Many media companies are held together solely by a few positive brand values and the monthly salary cheque, but it's also often a feature of universities, hospitals and other knowledge-based businesses where intellectual capital is the operating core.

The loosening of management processes thus raises difficult questions. Where does the responsibility of one individual or team begin and end? How much authority can a middle manager exercise without referral to higher levels? And, most fundamental of all, does strategy necessarily need to permeate from the top down if the business is based on imagination and foresight?

NEEDED: NEW TYPES OF CEO

To resolve these issues, a company needs a strong brand and a strong corporate CEO 'celebrity', capable of communication an aspiring and unifying vision. It needs to develop a trust culture and discretionary management practices, so that staff have greater operational autonomy, authority and responsibility, with concomitant performance-appraisal schemes and reward systems. It also needs to expose teams and individuals to greater target setting, benchmarking and accountability.

A paradox of the knowledge-based business is that with greater freedom come tighter controls. Clearly, this creates new problems – witness the resentment among teachers, academics, medics, social workers and many others whose outputs are now subject to performance reviews, and the constant protest over the reliability and validity of these measures being used to assess performance and apportion rewards – but it is absolutely essential if resources are not to be wasted.

By 2020, the best-practice management model will resemble a professional practice such as a university, but it won't permit the same lack of direction and focus.

NEW TYPES OF COLLEGIATE BUSINESS STRUCTURES

Leading companies in industries such as pharmaceuticals, the media and software are already building collegiate structures in which processes are structured around time and cost budgets, and negotiated between team leaders and senior management, with interference from above occurring only at progress reviews.

To have a pervasive culture of trust in which bosses are willing to delegate projects readily to their subordinates, leaders are needed at every level who are inspirational, not simply hands on, with the emotional, social and technical skills to take self-confident decisions within parameters set by their colleagues and higher team leaders.

In short, intrapreneurial vassals are needed, willing to swear allegiance to monarchical CEOs, while getting the best out of their own territories.

The transition to such a structure is going to be much harder for public companies than it is for private ones – another reason why small entrepreneurial businesses are usually more attractive to young creative talents than big corporate elephants.

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Marketing: the trade with a hole in the middle?

Jeremy Bullmore

About 45 years ago, I used to come away from top-level client meetings with a sense of deep despair. 'When will they ever learn?' I'd ask myself. 'Never,' I'd reply morosely.

But I was wrong. They not only learned – but, like many late converts, they allowed their new enlightenment to run away with them. Now, to my considerable surprise, I look back on those very same meetings with affection and respect.

Let me describe one of those meetings to you. From the client side, there would be the managing director, the sales director and the advertising manager. Sometimes the production director was there as well. Neither the CEO nor the marketing director was there because they hadn't yet been invented. The advertising manager had only recently been promoted from his previous responsibilities in office management and stationery procurement: it was seen as a logical progression.

This particular company makes paint. It is particularly proud of its technical expertise: the word thixotropic is used a lot.

The meeting is all about sales. Sales are made not to the people who use the paint but to the people who sell the paint to the people who use the paint: the retail trade. The word 'consumer' crops up from time to time but not nearly as frequently as the word 'customer'. Marketing isn't mentioned at all. The sales director knows his 25 key customers intimately and therefore what they want. What they want is advantageous case rates and eye-catching in-store displays.

The paint was described as the 'product', which indeed it was. Back in the 1960s, those who used the word brand were thought a little flaky. Even by 1968, when account planning was first set up as a discrete discipline, it was called account planning rather than brand planning because brand was thought to be exclusively associated with washing powders and baked beans.

The agency wasn't dismissive of the client's preoccupation with product technology and trade sales: it fully recognised their importance. The entire account group would have spent three days being shown round the factory, interrogating their research scientists and being shown a warehouse full of unshipped stock: a salutary reminder of advertising's only acknowledged purpose. But when it came to meetings, the agency, entirely responsibly, tried to contribute something in the way of strategy. We'd try to introduce concepts such as consumer orientation and brand personality and brand equity and non-functional attributes and the effect that a certain kind of advertising could have not just on volume sales but also on profit margins – and it was then that the client's eyes began to cloud over. They'd been warned about people like us: arts graduates, probably, using fancy language as evidence of superior social status and justification of fancy fees. (Even then I sympathised. For a discipline that's supposed to be ace at communications, marketing's language has always smacked of the mountebank, and agencies are more guilty than most.)

THE MARKETING TREND

At first quite slowly and then with gathering momentum, a trend could be identified. Marketing directors were invented and began to be fashionable. Marketing magazines prospered but seldom featured profiles of research scientists or production directors. Production directors no longer came to agency meetings and copywriters no longer went round factories.

Every respected definition of marketing insists that proper marketing informs the entire enterprise. It begins with the identification of consumer needs and wants, drives R&D and product design – and only then moves into promotion and communication. Those definitions were never formally unchallenged – they just weren't observed.

Marketing came to be seen as a discrete discipline whose responsibilities began outside the factory gates. Selling had always seemed a slightly non-U occupation; marketing was infinitely more respectable; a profession indeed. And marketing directors were no longer expected to be specialists in paint or beer or mortgages: simply in marketing; or, rather, what marketing was coming to mean. Bright graduates opted to go into marketing; but when asked exactly what they wanted to market, they looked bemused. I began to be alarmed by this development about 20 years ago, prompted by trade press announcements of new company appointments. This is one I invented but I can't pretend it demanded much in the way of imagination:

The Anglo-Galvanized Corporation announces the appointment of Clive Thrust as marketing director, Aggregates. He has previously held similar positions with Scottish Widows, Pedigree Petfoods, Rentokil and the Bristol Zoo.

What does this mean? Does it mean that the extraordinary Clive, having acquired a deep and passionate knowledge of pensions, dog chow, pest control and chimpanzees, is now about to become an expert in the composition of cement? No, it does not. It means that Clive, and his disparate employers, no longer think it necessary for a marketing director to have a deep and passionate interest in the product itself. All that Clive needs is a deep and passionate interest in the art of getting rid of stuff – any old stuff, really.

UNDERSTANDING THE BENEFITS OF GOOD BRANDING

The late and still sorely missed Stephen King was as responsible as anyone, I suppose, for helping marketing people understand the real benefits of good brand communication: the softer side of marketing. His paper, 'What is a brand?', first published in 1971, is still one of the clearest and most practical guides to the nature and value of brands. Yet no one regretted more strongly than Stephen the relative decline in status of the engineer, the research chemist, the inventor.

Marketing plans, he observed, rather like marketing people, had become increasingly all-purpose: very little about making something better that people might want, and much about how to get rid of what already existed. Believing as always in the benign power of ridicule, Stephen developed his own, dynamic ten-point plan (see above).

TEN-POINT MARKETING PLAN

1. Upweight 10p-off flashpacks to 80% of throughput.
2. Increase over-riders to selected major multiples and cash-and-carries.
3. Re-motivate salesforce with incremental incentive-linked sales targets.
4. Initiate tailor-made in-store merchandising with dealer-loaders, individualised gondolas and shelf wobblers.
5. Upgrade pack design, to dramatically improve visibility and shelf appeal.
6. Widen distribution to include discount stores and garden centres.
7. Increase stock levels to create product push.
8. Implement a country-wide back-to-back coupon drop to create consumer pull.
9. Draw up a five-year PR plan.
10. Launch a massive consumer promotion to uprate brand awareness and share of mind.

There's nothing truly absurd about any of those purposeful determinations. It's what's missing that's so telling. Not even a glancing suggestion that the product in question might benefit from a bit of refurbishment; and, indeed, absolutely no clue as to the nature of the product or what it's actually supposed to do. (I'm happy to concede that many equally empty ten-point plans have been written by advertising agencies, usually beginning with: '1. Reposition brand in top right quadrant of bi-polar grid, thus achieving consumer salience for both heritage and modernity.')

RAISING THE IMPORTANCE OF THE MAKERS OF THINGS

Today, it seems to me, in my crustier moments, that marketing seriously needs to re-embrace and celebrate design and manufacture. And not just marketing, but the whole nation. I recently came across these words from the year's most respected sage, Vince Cable: 'The superficial glitzy glamour and glittering prizes of the City have for too long overshadowed the essential work of engineers and scientists, the genuine entrepreneurs and inventors, the craftsmen, creative artists and manufacturers who invest in quality and reliability.' In his inauguration speech, Barack Obama honoured 'the makers of things'. Peering myopically into the future – and not just into the next few unfathomable years – it would be wonderful to think that, when asked to name a successful British inventor, we could think of another 50 James Dysons.

Despite all I've said, marketing has come a long way over the last 50 years. There's been a much deeper and more sensitive understanding of real people and how they see brands. Long may that last: preferably expressed in comprehensible English.

I just wish that this new understanding didn't seem to have been at the expense of much of the old passion for product. It really shouldn't be either/or: we need, in the wise words of E.F. Schumacher, one-and-the-other-at-the-same-time.

When product designers and research chemists and inventors apply to join The Marketing Society – and when The Marketing Society welcomes them as essential members of the marketing profession – then we'll have something very significant to celebrate. I just hope it doesn't take another 50 years.

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Social networking: an old process in a new form

Melanie Howard

The question about the future of social networking should remind us how dependent marketing has become on insights from the social sciences over the past half century.

Without a sophisticated concept of society and an understanding of its workings, there could be no grasp of the power of the newly identified 'social media'.

Looking ahead to the next 50 years, the emergence of such phenomena emphasises marketing's need to continue to embrace new learning in order to reinvigorate itself and stay in touch with the reality of consumer lives in the future.

It could be argued, perhaps, that marketing would benefit from framing itself more as an applied social science – but more pertinently (as I contend in my forthcoming book, *The Future Unwrapped*) an investment in understanding changing social values can also provide a basis for better anticipating the future. Especially in times of uncertainty and dramatic technological change such understanding must become a central part of marketing practice.

Taking a futures perspective also forces a more forensic evaluation of the past. Social networking, like so many supposedly new phenomena, has been developing over decades – it is the added impetus provided by the internet that has propelled it to the forefront of the discussion about the future of marketing.

MARKETING'S DEBT TO PSYCHOLOGY

Before networks came the individual. In his highly provocative BBC documentary series *The Century of the Self,* in 2002, Adam Curtis argued that marketing (and advertising) in the post-war era was successful precisely because it spoke to and exploited the unconscious desires of the masses that had been identified and described by Sigmund Freud's earlier detective work with the psyche. Certainly, market research and planning have become integral to a consumer-orientated marketing process fuelled by an ever-increasing stream of psychology graduates.

It seems every marketer is aware of the results of humanistic psychologist Abraham Maslow's work in the 1940s. His influential 'hierarchy of needs' – a powerful predictive model of human behaviour – has informed the development of marketing and brand strategies over decades, as well as creating a theoretical basis for the self-exploration and awareness movements of the West Coast of America that fanned the 1960s revolution and the subsequent decades of exploration into individual self-expression spreading the liberal values that have, literally, changed our world through a focus on individual identity.

SOCIOLOGICAL INSIGHTS WILL BE MORE RELEVANT THAN EVER

While psychology was the dominant discipline in shaping this preoccupation, the need to understand new forms of collective action and community as they evolve, means that it is sociology's turn to take the lead in explaining the phenomena of the modern world in ways helpful to marketing.

Rather neatly, given the anniversary celebrated in this publication, it is also some 50 years since the publication of Peter Willmott and Michael Young's seminal study *Family and Kinship in East London* – which first identified the importance of social networks between and outside family members, showing the degree of interdependence and interaction between people in the community for a wide range of purposes.

Their ground-breaking description illustrates two relevant aspects of the history of ideas: first, that the seeds of the future are always apparent in the present if you know where and how to look for them using rigorous methods of study (Willmott and Young later described this as 'the principle' in a subsequent work, *The Symmetrical Family*) and, second, it demonstrates how long it really takes for new social structures and attitudes to become mainstream.

It was precisely this shift from more fixed, hierarchical institutional forms to a looser, more networked basis of human relations that led Margaret Thatcher – mistakenly – to assert 'There is no such thing as society' in the late 1980s – arguably sociology's darkest hour.

However, at exactly that time a brilliant Catalan sociologist undertaking international fieldwork for the University of California, Berkeley – Manuel Castells[1] – started to describe the new, subtler forms of social ties that Thatcher was blind to, and identified the importance of social networking as the basis of modern society, providing the means by which the newly empowered individual could actively create their own social environment.

From 1996, his three-volume treatise, *The Information Age,* articulated the way in which the emerging electronic communications facilitated and accelerated the networking process, providing the means by which individuals participate remotely in all-important family, social and economic networks alongside face-to-face and more traditional means.

SOCIAL NETWORKING CREATES A NEW SUBSTRATE FOR MARKETING

Castells provided the tools to describe the intertwined social and technological revolution that is changing the world – creating, as a by-product, a new 'space of flows' or invisible substrate for the spread of new forms of marketing communications.

The new IPA report, *Social Media Futures,*[2] explores the future impact of social networking on the advertising industry, concluding that this area has the potential to provide agencies with new forms of services and importantly fees – sufficient to substitute for the revenues that are being lost to new informal approaches. It points out that in this predominantly social world, brands can't take their presence for granted and have to earn the right to be there through appropriate communications, emphasising that advertiser responsibility will be key to future success. The fact that the latest IPA TouchPoints research shows that 80% of 15–24 year olds – inexperienced and possibly naive consumers – have participated in social network sites (such as Facebook) reinforces this point.

A corollary of the rise of the network society has been a decline in trust of institutions and preference for more personal sources of authority. Recent research by The Communications Agency showed that 76% of consumers don't know who to trust for information about what is really going on in the current economic climate – further highlighting the need for the utmost probity and transparency in brand communications whatever channel is used, and the importance of engaging with trusted intermediaries where possible.

CAREER ENHANCEMENT AND NEW BUSINESS

As the IPA report asserts, it is essential for marketers to create tools through which the new social media can become part of their day-to-day armoury, using research, analysis, case studies and proper evaluation. There is an urgent need for greater investment in empirical research into the full range of types of social networking that take place to identify the real business potential of these in the modern organisation.

Professional networking, for example, has become central to the success of senior executives, and those who excel at it tend to rise to the top of their fields due to the added influence and problem-solving ability effective networking can confer. Networking clubs and industry forums are currently highly popular and proliferating – The Marketing Society being one established example.

But it seems that few, if any, firms have yet analysed how such activities really contribute to their success and how they can be made more effective, both at an individual and organisational level. Recent research by YouGovStone found that while senior executives acknowledge the importance of such networking, a more objective approach can identify new avenues and opportunities for making useful contacts – vigorous networking should certainly be one planned response to the straitened circumstances of the current downturn.

WINNING THE BATTLE FOR THE MIND OF THE MARKETER

If it has taken 50 years for social networks to move from being a newly defined social phenomenon to being the predominant force in society and a new medium for marketers to wrestle with, it is not easy to predict what the next 50 will hold. Most social forecasters are wary of claiming prescience over such a long period – although more research will undoubtedly help answer this question.

In today's constrained circumstances this won't happen until advertisers and their suppliers are convinced that there is real money to be made and, as yet, social media are relatively small beer compared to established channels – the IPA report estimates that fewer than 5% of budgets are spent in this area. On the whole, we are still wedded to old models of planning and implementing marketing communications, and the significance of social media, is a fast-growing but, as yet, not dominant idea.

Central to business success in the marketing services community is the ability to both predict and seed the ideas that will win out. As Castells has said the new engine of change in the network society comes from 'movements to seize the power of mind' and perhaps this is what we need to transform the shape of marketing so it is really fit for purpose in the reality of the networked society.

THREE EXCITING POINTERS FOR THE FUTURE

There is no doubt in my mind that in 50 years' time the total dominance of social networking will be one of the reasons why marketing will be virtually unrecognisable. Part of this will be manifest in committed partnerships between brands and content creators, communications companies and other potential message carriers as 'paid for' advertising spaces shrink and disappear.

Marketing will be subtler, more intertwined in cultural artefacts and more about meaning. There are already ways in which we can begin to see how transformative marketing through social networks is going to be, and how integrated marketing must be into the day-to-day social fabric if it is to succeed. Three areas stand out.

1. Social Marketing

One of the most vibrant and interesting applications of marketing today aims to influence positive behaviour change across society, either to support government objectives in areas such as health, recycling and energy consumption, or as part of a charitable or other campaign. Already programmes such as smoking cessation and sexual health for the NHS are using networking communications through GPs, teachers and local authorities to promote their messages to individuals more effectively. The next stage will be the harnessing of social networks to reinforce and embed change, as Jamie Oliver's recent *Ministry of Food* series on Channel 4 has shown is possible through getting people to teach each other to cook.

2. Networks for Product, Service and Idea Innovation

Building on books such as Jeff Howe's *Crowdsourcing*[3] and Charles Leadbeater's *WE-THINK*[4], another application provides a powerful route for generating new ideas and solving problems – both societal and organisational. Some organisations are beginning to experiment with this approach – for example the RSA's Governors Network is attempting to bring school governors together using new technology to share experience and develop best practice. Camelot, the national lottery operator, is already taking this to the next level by creating a bespoke

networking forum, in conjunction with YouGovStone, to help design its programme of stake-holder communication for the third licence period. We can expect many firms to follow suit, both in addressing big issues but also as forums for engaging customers in brand and product development.

3. Networked Creativity

New ways of keeping brand messages alive are also proliferating. As Nicolas Bourriaud, a leading French cultural analyst has observed, networks not only change society, they change the nature of culture, too. In his view, the ubiquitous chains of communication mean everything can now be passed on or added to in some way, and that 'art' can no longer be considered finished – it will always be subject to further interpretation and use.

Similarly, advertising and marketing communications should embrace the fact that they can continue to be transformed as they are spread through networks. The smart campaigns are those that welcome this opportunity for a new kind of audience engagement – both in the 'pass it on' mode of YouTube ad hits such as the Cadbury's Gorilla or Barack Obama's campaign song, but more cleverly the 'add your bit' to the story – such as for Channel 4's *Skins* series.

These three are just for starters – potential marketing applications will continue to proliferate as the true extent of the effect of social networks unfolds over the years to come.

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Boldly go into The Matrix

Mark Sherrington
Shoulders of Giants

This is a very personal view of where I think the digital age is taking marketing in the next ten years. No single view of the future is ever 'right'. However, a consensus of smart people, the wisdom of a wise crowd, is often fairly accurate.

What is unarguable is that if you look back, you can normally understand where the change came from, even if neither you nor the wise crowd could have predicted it 30 years ago.

Let us first use our memory go backwards, not forwards, to when I first started in marketing 30 years ago.

The popular TV show at the time was *Star Trek,* the cult film was *2001 A Space Odyssey.* But in the real world IBM ruled. In fiction, we saw Captain Kirk using a handheld 'fazer' device to communicate, and we saw the crew of the Space Odyssey consult an omniscient computer that could tell them anything about everything (voice activated, no keyboard),. Meanwhile, we went to work and were told we were not senior enough to get the access codes for the IBM mainframe computer. So we looked things up in books and files, and figured it out using pencil and paper and a slide rule, or calculator if we had one.

But we understood marketing. Procter & Gamble had kindly written it all down in its fact books. We knew how to launch or relaunch a brand, how to brief an ad agency, the difference between 'quant and qual' research, how to divide our marketing spend between above and below the line (60:40) and how to divide the above-the-line spend between the available media – TV, press and posters. And it all worked, for a while.

If someone had said – and be quite clear, no one did – that in 30 years' time everyone would have the *Star Trek* communication device and that it would be able to connect to the equivalent of Hal, the big database in the sky, we would have been a little incredulous, to say the least. If they had predicted that IBM would be unseated by a software company we would have been sceptical – even more sceptical if they said that the software company would itself be overshadowed by a search engine. Not many of us knew what software was, and no one knew about search engines because the web was 20 years away.

So what I am about to say is likely to make many of you incredulous and sceptical. Remember the film, *The Matrix?* Welcome on board – that is the kind of world we are entering.

WINDOWS TO THE 'CLOUD'

Everything in the world, every idea, book, opinion, artefact, tool, piece of software and every one of you will be digitally coded and on the internet. And all of this will be available to anyone, anywhere, anytime. It will all exist in the 'cloud'. Every device we have will be merely a window into the cloud – and this will happen in less than ten years.

The scene in *The Matrix* where Trinity has an urgent need to fly a helicopter and asks for the program to be downloaded into her brain will not seem fanciful, in exactly the same way as Captain Kirk's 'fazer' does not seem fanciful now. It just seems so badly designed – the iPhone is much prettier.

The internet already allows for every piece of online marketing to be measured and precisely valued. We can understand what people do, although we still do not entirely understand why. In ten years' time we may not entirely understand how the brain works but we will understand vastly more than we do now.

Marketers have long been considered 'mind manipulators' with the ability to make people buy what they do not want or need. Given most marketers' understanding of human behaviour and how the mind really works, this is laughable. It won't be so laughable in ten years' time. DNA was cracked in our lifetime. The working of the human mind may not be 'cracked', but it will be much, much better understood.

A MASS OF PARALLEL MARKETS

The short history of marketing is based on a very imprecise understanding of human behaviour. It has developed in a 'mass culture' world, a world of limited media and distribution where the dominant mindset was B to C. Big bets had to be made with long time lags to reach an imperfect understanding of what worked and what did not work. Which is why trillions have been spent on market research to overcome this, to try to de-risk the process.

The new world will be – and already is, in places – very different. There are no mass markets only a mass of parallel markets, to quote Chris Anderson. One-to-one marketing was ahead of its time. Now every market can and will be seen as an aggregation of every individual purchase experience, to quote CK Prahalad. Every business will be able to satisfy and enhance consumer experience by drawing on resources way beyond those they actually own.

On the heels of such bold and outlandish predictions, it is worth noting that predictions, especially those based on the consensus of scientific opinion, are more often right than wrong, with one small exception – timing. However, the reality of Moore's Law and an accelerating pace of technological development means that we are talking about the next five to ten years not 30 years.

THE LAW OF UNANTICIPATED CONSEQUENCES

There is a counterpoint to all this. Often, advances in technology have not created the world exactly as predicted. When VCRs came on to the market, it was predicted that we would live increasingly isolated lives as we all watched *Coronation Street* at different times and so lost the ability to converse socially around the latest storyline. In fact, it created the home entertainment market where we enjoy watching the latest DVD together with our family and mates. We now know that the average young male (this is nothing to be proud of) spends more time on the computer and the internet than he does watching TV. But he still watches sport with his friends and they game in big online communities.

So the kind of changes described above do not mean we will develop a totally fragmented, niche, individualistic world. We will use technology as much to connect us (e.g. texting, Twittering and blogging) as to satisfy individual needs and pursue individual goals. So there will still be high demand for brands, entertainment and news that appeals to the many not the few.

But there will be equally high demand, indeed expectation, for the customised and niche offers that we have until now largely been denied by the laws of mass economics. So it will be a both/and world. Much of what we understand – like the power of a great story to inspire all of us – will endure but it will co-exist in a world of effectively one global brain where a million stories can be told at once and only the best will be passed on.

WHAT DOES ALL THIS MEAN FOR MARKETING?

1. Marketing as we have known it will cease to exist. It will dissipate into other more precise disciplines (in much the same way as sociology looked at closely becomes anthropology, geography, philosophy, politics and economics). Most of what we think of as marketing today will divide into design and communications.

Design will seek to use all available information and resources to create products and services of value. Communications will seek to make it available and make people aware. (I was really pleased with this insight until I read Stephen King's paper 'Has marketing failed or was it never really tried', and realised he made this prediction in 1985.) There will probably be disciplines we do not even have a name for yet.

2. Market research will also cease to exist in its current form. There will be applied intelligence and experimentation. If the designer (or design team) can find out anything they need themselves, why do they need researchers? If consumer behaviour can be understood, measured and attributed to a cause much more effectively (not perfectly) then it becomes analytics and just a sub-set of applied intelligence. If you can experiment and test market prototypes, why would you research concepts? If you can test what people actually do, why would you ask them what they think they do?

3. In the best companies, there will be no silos between strategy, creativity, research (intelligence), production, media, distribution and tactics (sales). It will work as one seamless team, often in real time if the product or service is digital.

If this seems a bit hard to grasp, just look at how any internet business start-up works. You can separate out programming to a degree, but that is it. Everything else works as one. The founders are the strategists, researchers, producers, distributors, media buyers etc, all rolled into one. You do not design iTunes or MySpace and then think about marketing it. Its design is its marketing and its distribution is its media.

4. Every marketer or designer or communicator will be a niche marketer. There will still be big popular successes – the 'I'll have what he or she is having' world will continue. But we will also expect to have anything we want the way we want it. The curtain will get rolled back slower in some industries than others. But it will increasingly make no sense to be able to configure so much of our lives the way we want and yet be given only limited choices in others.

This will be given a big push because there will be less profit margin in the 'big successes', so we will have to make money from fragmentation and satisfying niche demand. You can see this now in music, movies and books – you will see it everywhere very soon.

5. Thankfully, true creativity will dominate. If everyone has the same set of Lego bricks then the value lies in how you assemble the bricks. And that is true creativity. Sound crazy? Remember the iPod – all the same technology just assembled more creatively.

6. And so will story-telling. I must give credit to Dan Wieden for this. He wisely points out that the essential part of our culture – the part that has endured and will endure – is our ability to tell stories. A brand is a story and if it is a good story it will have a message, it will be authentic and it will entertain. But the story will not work simply by association, the way it does today.

Brands have, up to now, successfully attached themselves to stories. That has worked because this is how the brain stores memories – by association and reinforced by consistency. But it will not work as well in the future. In the future the brand will have to act out the story – it will have to *be* the story.

7. The line between online and offline will be blurred. Today we draw a line between online and offline, between products or services that are digital and those that are in some way physical. That line will blur in the same way that the line between above the line and below the line has blurred – just as we have stopped thinking about products and services as separate and just as we have stopped thinking about geographic boundaries.

Every business will be digital, online businesses, and they will be global in terms of their reach, if not their personality – and they will be transparent and accountable.

8. Logic will allocate resources to magic. Marketing is magic and logic. Magic can lead to logic but not the other way round. However,

improved logic, the hugely enhanced ability to measure everything, will allocate attention and resources to the best magic much more efficiently. So the magic better be very good.

Put very simply, away from the internet, it can take years to discover how magical your new brand idea really is. In the very near future you will be able to know much more quickly. New ideas will be able to take root faster and be upstaged just as fast. Innovation will come of age as the sine qua non of business, not merely a business activity.

For a long time I have been asked the question 'If I want to get into marketing, what are the best companies or industries?' When The Marketing Society was founded and when I came into the 'business' the answer was Procter & Gamble (and later Unilever) and fmcg. For a long time it has been much less clear – Nike or Tesco?

My advice now is very simple. Start in product design or online digital businesses like Google. That is where you will get the best experience for the *Matrix* world we are entering. If you want to learn about leadership, don't be a brand manager, be an online gamer. That will teach you the new rules of leadership.

It all sounds a bit far-fetched now. But it is not as far-fetched as today's world would have sounded to me or any of us 30 years ago. And this new world, however it turns out, will be upon you in less than ten years.

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Will the internet mean the end of civilisation as we know it?

Andrew Green
Ipsos MediaCT

Bill gates famously said in 1981 that 'a memory of 640 kilobytes ought to be enough for anyone'. People now talk in gigabytes (one million kilobytes): a typical modern laptop might have 100 gigabytes of storage space. Many PCs have far more.

1. UNLIMITED CONTENT

Which takes us on to exabytes. An exabyte is equivalent to one billion gigabytes – enough to hold about 50,000 times the amount of information held in the Library of Congress (according to Google, it already indexes and refreshes the equivalent of this very large library every four hours). All the words ever spoken by human beings are thought to measure about 5 exabytes.

An estimate made by IDC in March 2008 calculated that there are now some 420 exabytes of information being digitally stored throughout the world, a number that will triple to 1,250 by 2010 – which moves us, in turn, into the world of zettabytes – 1,250 exabytes is 1.25 zettabytes.

2. BETTER TECHNOLOGY

When it comes to searching out and using content (which can include information for work, news or sports results, video or audio entertainment, games, photographs, and so on), consumers have a wider range of options than ever before.

The only way most of us could see moving pictures in the 1960s was on a television set or a movie screen. A telephone was a device used for speaking with other people at a distance. In the UK today there are several hundred different models of mobile handset on the market and countless land-line telephone models.

Mobile phones can take pictures, send and receive text messages, surf the internet, play music, broadcast video, tell the time, warn you of upcoming appointments, locate you in an emergency and light your path in the dark. You can also talk to people on them.

Then there's the internet, which lies at the heart of so much of the change going on around us. It has been an amazing phenomenon, either disrupting, transforming, improving or destroying the lives and businesses of a large number of people.

In June 2008 internetworldstats (www.internetworldstats.com) calculated that there were 1.5 billion internet connections worldwide, equivalent to 22% of the world's population. In thirty countries, more than 60% of households subscribe to a broadband connection.

All this for a technology that barely existed fifteen years ago.

3. SPEED INCREASES

In the United States it took 38 years from the launch of the first radio set before the medium achieved a critical mass of 50 million people. Television – launched a few years later – took just 13 years to reach this level. Camera phones, launched most recently, took only three years to reach critical mass.

And, of course, consumers expect to get what they want faster, as evidenced by growing broadband speeds.

INTEGRATION AND CONVERGENCE

These three trends are forcing almost every company to re-examine the way it does business. This is particularly true of the content purveyors of old – the traditional media companies like newspaper and magazine publishers, television and radio stations.

SOCIAL BREAKDOWN?

A British couple who met online in 2003 had discovered a mutual passion for Second Life, a 3D virtual world where surfers can create a whole new universe and live in it in whatever guise they choose.

All was going well for the couple until Amy Taylor (aka. Laura Skye) discovered her real-life and online husband David (aka Dave Barmy) having his way with an online prostitute. She hired an online private eye to follow him and he was caught in flagrante. Mrs. Taylor promptly filed for divorce in real, as well as virtual life, citing 'unreasonable behaviour'.

There have even been stories of online murder, as happened when a 43 year old Japanese woman killed her virtual husband after he

divorced her in a game called Maple Story. She then found herself under arrest in the real world accused of hacking offences (she had to log into his account and delete his avatar in order to 'kill' him).

Technology companies formerly known for making computers or mobile handsets have become content providers, entering the music and entertainment businesses. And content providers previously known as publishers or television stations have found themselves operating websites, podcasts, video and mobile services.

Marketers have had to re-look at how they allocate their investments. ZenithOptimedia predicts that, by 2010, the internet will attract almost 14% of global advertising expenditure, up from 5% in 2005. Print advertising in newspapers and magazines is expected to decline from 43% to 35% of the total over the same period.

Barack Obama used the internet to impressive effect during his presidential campaign, making use of blogs, forums, discussion panels, online videos, pay per click advertisement submission, online periodicals (e-zines), viral marketing and a host of other online tools and methods.

The obvious reason for this is that consumers, prospects and voters are spending increasing amounts of time using the internet. They are doing this either instead of watching advertisements via traditional media platforms – or at the same time but with reduced attention.

It is a very attractive medium. Not only can people find the latest news or sports results. They can communicate with each other, stay in touch with networks of friends, search for virtually any kind of information, gather recommendations on which products or services they should buy, compare prices, vent their views to others via blogs and even escape into a parallel universe.

THE MEDIA UNDER THREAT

Consequently, the competitive space has broadened considerably for newspapers, magazines and television stations.

Internet users can view all the content they may once have looked at in newspapers and magazines or watched on television. UK services like the BBC iPlayer or Hulu in the United States enable consumers to download and watch any programmes they have missed or failed to record on television.

YouTube lets them create their own content or watch videos created by others. Digital video recorders like TiVo or Sky+ enable people to record and store programmes digitally for later viewing (potentially fast-forwarding through advertisements).

All major newspapers and magazines operate their own websites, where up-to-the-minute stories can be viewed. But other sites, including the TV and radio stations and news agencies like Reuters, also offer similar content.

Not surprisingly, newspaper circulations and readership have been falling in recent years in Western Europe and North America (though not so far in Asia or South America).

For television stations, no longer is it merely the hundreds of new channels that have emerged over the last decade and a half that threaten their livelihood. Now they have video games, internet television, YouTube, DVDs, download sites, 'catch-up' TV and mobile television to contend with.

There has been little evidence to date of overall television viewing levels falling off – partly because existing measurement technology does not take account of attentiveness.

If some or all of the audience to a television programme is now surfing the internet or texting friends, their attention to the screen – and to advertising – may be correspondingly reduced. That this is not being measured or reported on any systematic basis, is probably a mistake.

What is being measured and reported is the gradual decline in the number of people watching leading channels, as competition hots up. The combined audience share of the three big networks in the United States has dropped from 80%+ 25 years ago to less than 40% today. ITV in the UK has seen its share drop from 50% in 1982 (the first year after its commercial monopoly ended) to less than 20%. Television can still be a medium that brings everybody together, but it is happening less.

The traditional media have become simply one choice among many means by which this content can be accessed. And just one choice among many available to marketers to reach their customers and prospects.

OPPORTUNITY OR PROBLEM?

Many people are driven by habit to rely on the media they have always used. They prefer to sit back and let television schedulers serve up entertainment to them, or newspaper editors present the news to them in the ways they are used to. They like to hold a newspaper or magazine in their hands and to read it in different locations, unconstrained by the need for electricity or an internet connection.

These habits will undoubtedly persist. More than two-thirds of the adult population in the UK currently read one or other of the national newspapers on a daily basis. Most people continue to watch television. But a glance at some of the research starting to emerge suggests strongly that the younger the person, the greater the share of time they spend online.

- A Forrester study from as long ago as 2006 found that British teenagers (12–17) spent about 45% of all their media time online, compared to 21% for adults.
- But it is not merely a teenage phenomenon. AXA found that 41% of retired Britons claimed the internet – particularly email – to be one of their favourite pastimes.

- Ipsos MediaCT reported in early 2008 that around one-third of the video consumption of those who had experienced downloading video content took place away from the television set.

- Projections developed in June 2008 by the Solutions Research Group suggested that the average internet-connected American would be watching as much as 8 hours of video-based content daily by 2013, up from 6 hours in 2008, as they use screens in more places and video becomes ubiquitous at home, at work and on the move. Traditional television will account for less than half of this time.

PRINT MEDIA

If this is the future of television, spare a thought for the embattled publishers of newspapers and magazines. Barely a day goes by when there are no stories about the 'death' of print, plummeting circulations and readership or how people are 'migrating' to the internet.

The truth is probably a little more prosaic: in many parts of the world – although figures are not quite as reliable as they might be – newspaper circulations are still rising. For example newspapers in the emerging markets of Latin America and Asia continued to report circulation growth in 2007.

STRATEGIES FOR SELLERS

There are five core strategies the traditional media need to adopt in order to survive and thrive in this climate:

1. Continue to improve and advance basic audience measurement platforms. We need bigger samples and more granular measures. Work on integrating set-top boxes with portable passive measurement devices is one way ahead.

2. Get beyond basic head-counting. Find ways to measure consumer engagement with their media. Magazines, for example, should make a greater effort to demonstrate how readers tend to be more attentive than users of other media.

3. Build their brands. The traditional media have had years to build their brand identities. People know what they stand for. They need to exploit this inherent strength as they become multi-platform content providers.

4. Master innovation. Most new brands or media launches fail. Yet innovation is at the heart of building any business. The media need to be more disciplined and savvy in the way they innovate and read the marketplace.

5. Maintain a regular dialogue with customers. Get feedback. Test new concepts. Tell them you love them.

MEDIA PLANNING AND BUYING

On the other side of the fence, media planners face massively increased choice in how they reach consumers. One problem for them is that the neat audience measurement numbers they are accustomed to using to plan traditional media (e.g. ratings, reach) are far less developed for non-traditional media.

The mobile and internet advertising industries have made some progress towards redressing this gap, but results have been patchy to date. Most advertising on the web is, in any case, in the form of paid search, which, arguably, is more of a direct response vehicle. Sales results are directly measurable, at least if people go on to purchase online after having clicked on a link.

But of course they don't always do this. Often people will use Google to hunt down, say, cheaper car insurance. They will then be confronted with a ranking of providers on price. For many, their choice will not only be based on price. Consumers care about the insurance company's reputation and image – which may have been built up over many years using traditional advertising. Or not.

And many people prefer to touch and feel before they buy. So they may track something down on the web, but still make their purchase in a physical store.

In this sense, it is how all the communications channels can be made to work together that is important to a marketer, rather than how each might work in isolation. People consume a range of media – and marketers must follow.

A number of companies have developed integrated planning tools to address this challenge. Integration, for example, built an approach it calls Market Contact Audit(tm) (MCA). MCA uses surveys of consumers 'in the market' for specific products or services to assess the relative power of different consumer touchpoints to influence purchase.

Ipsos has developed a different approach, known asMediaplanner360. This derives the relative strength of multiple touchpoints singly and in combination – again using consumer surveys – on key brand indicators such as intent to purchase.

Both these approaches and the many others on the market offer integrated rather than single medium solutions for marketers. But both also carry a price tag, given that they need to be customised to each marketer. Traditional audience research was, of course, 'free'.

It is also important for marketers to measure and assess both creative and media variables in order to understand how their marketing works. This is something media planners often fail to do.

Although still in their infancy, it is likely that these integrated approaches, combined with a measure of creative strength, will become more and more common among savvy marketers.

This may even lead to closer relationships between the media and creative agencies, which began to move apart in the 1980s. Who knows, perhaps 'full service' will return?

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Marketing in a hot, flat and crowded world

John Elkington
Volans Ventures

I bring both good news and bad. As far as the bad news goes, having worked through five recessions to date, I think that the current downturn is more than a sixth in the series. Instead, it feels like the onset of a new cycle in what economists like Nikolai Kondratiev and Joseph Schumpeter saw as great waves of change that build and destroy economies.

And that's the good news, too, because our post-Second World War economic infrastructures are already proving to be ecologically unsustainable – witness the accelerating destabilisation of our climate – and likely to become much less sustainable as the planet's population soars by a further 1.5 billion people by 2025.

Launching the *Observer's* 'Big Idea Award' early in 2009, and spotlighting those developing and promoting market solutions to sustainability challenges, Jupiter Asset Management's head of socially responsible investment, Emma Howard Boyd, stressed that: 'The urgency of what is required to combat issues such as climate change has not diminished as a result of the current financial crisis. We need big ideas,' she said, 'and it is at times like these, when there is widespread disruption, that we see innovation and new thinking.'

But what was fascinating was the range of ideas flagged up by the awards. Here are a few examples: cradle to cradle and zero waste thinking; 'carrot-mobbing', which involves getting stores to pay for activists to help attract new consumers to retailers investing in energy efficiency; and 'transumption', where we pay for services rather than for products; 'ethical texting', in which consumers text organisations, such as the Blue Ocean Institute, from stores as they shop, to see which products are the best choice.

As a member of the advisory board of a Californian venture capital firm, I also recently saw a remarkable technology that blended a mobile phone, a bar code scanner and a Google-like interface so that consumers could check products for themselves, with instantaneous access to huge numbers of databases covering the performance of particular products, brands and companies in relation to issues like climate change, animal welfare, obesity and diabetes.

No-one has yet brought that product to market, but it's only a matter of time. And meanwhile related information is cascading into markets, with unforeseeable consequences for business. Take, for example, the recent media coverage of the carbon footprint of using search engines. Most of us probably assume that using Google or Yahoo! results in very little environmental impact, but we are now told that just two Google searches are equal in energy terms to boiling a kettle, producing around 14g of CO_2.

To get a sense of the sort of information we will increasingly have at our fingertips, consider this: Nicholas Carr, author of *The Big Switch: Rewiring the World,* has calculated that maintaining a virtual character – known as an 'avatar' – on the Second Life website requires 1,752 kilowatts of electricity each year, and that is almost much as the average Brazilian uses for all purposes each year. Of course, most of us will begin by ignoring such facts, but I suspect we are reaching some sort of tipping point where we will see a growing range of products and services playing into the opportunity spaces opened up as a result.

GREEN ENVY

Yes, premium items like organic food products and Prius hybrids have been hit by the downturn. But that doesn't mean an end to products. Instead, we will see cheaper, better products being launched.

Take hybrid cars. The 2009 North American International Auto Show in Detroit saw the introduction of the first production plug-in hybrid car, not made by Chrysler, Ford or GM – which could only look on in green envy – but by a Chinese battery manufacturer, BYD. And that's typical of what we can expect to see, with new market entrants popping up from what seem highly unlikely corners of the global economy.

What's fascinating me at the moment is the possibility that the environmental movement may now be racing along the sort of innovation curve we have seen time and again, whether in relation to the introduction of cars, electric kettles, TVs or the internet. It often takes a major new worldview, mindset or technology anywhere between 50 and 70 years to penetrate mainstream markets. So stand back for a moment and think of where environmentalism has come from and what that tells us about where it might take us over the next decade.

The year 2009 marks the fortieth anniversary of the first publication of the 'Earthrise' images of Earth from space, with the lunar landscape in the foreground. In 1948, 21 years previously, the British cosmologist Sir Fred Hoyle had predicted that when humankind saw Earth from the outside for the first time, it would transform the way we saw and related to-our small blue planet.

True, up to a point, but the uncomfortable fact is that environmentalism waxes and wanes as an issue for politicians, CEOs and marketers alike. Typically, it has tended to track economic cycles, with the greatest pressure on business towards the end of a boom period, with criticism tending to fall away during recessions. The evidence suggests that 2009 will see a very different pattern emerging, at least in relation to climate change and issues that can be linked back to climate.

WAVES OF CHANGE

Since 1994, I and my colleagues have mapped a series of societal pressure waves that, since 1960, have driven political and market change linked to sustainable development. Up until a couple of years back, we had identified three big waves to date, together with the lulls between them, when real embedding of changes typically happens. These waves, however, have largely impacted the developed world, with emerging and developing economies tending to follow suit – if at all – quite some years later.

The wave first built from 1960, mainly in Europe and the US, and drove political and regulatory changes like the formation of the US Environmental Protection Agency and UN Environment Programme. Throughout the first downturn, from 1974 through 1987, new environmental rules spread across the developed world, with business largely on the defensive, forced into compliance.

The second downturn, peaking between 1988 and 1991, was spurred by issues like the ozone hole, and environmental performance first became a market issue, with companies competing by developing greener products. This was a period when anything containing chlorofluorocarbon, mercury, lead or similar ingredients risked immediate delisting by nervous retailers. The ensuing down-wave saw a much less visible round of convergence and consolidation around management standards such as ISO14001 environmental quality standard and the Global Reporting Initiative (GRI).

From the early 1990s, increasing globalisation meant that environmental pressures started to rattle back through supply chains. The Rio Conference on Environment and Development in 1992 was one manifestation of this increasingly globalised approach. Major companies began to be targeted by activists campaigning against the environmental degradation and inequitable development that they saw as inevitable consequences of globalisation. The peak of the third wave came as a palpable shock to organisations like the World Trade Organization (WTO) in 1999. The focus in this upwave was on globalisation and on a rapidly proliferating range of corporate and global governance issues.

The third downturn began late in 2002, following the 9/11 attacks. One symptom of this consolidation phase has been the way corporate responsibility and wider sustainability issues have increasingly become central to the agendas of organisations like the World Economic Forum and the Clinton Global Initiative – and have been addressed, to some degree, through, for example, the Sarbanes-Oxley Act in the US. And now we have the Copenhagen summit on climate change looming at the end of 2009, which will ensure that our carbon footprints will be under scrutiny as never before.

THE PEOPLE WE HAVE BEEN WAITING FOR

So what does the future hold? If intuition is anything to go by – but recall that the future is full of surprises – the early phase of the next upwave has already begun. The financial crisis will delay it, but not stop it.

It focuses on new market opportunities thrown up by the world's great social and environmental challenges, on evolving entrepreneurial solutions, and on bringing such solutions to scale, often through the use of new market mechanisms and economic instruments. That's why we are taking such an interest in the new breed of social and environmental entrepreneurs that has been springing up around the world. Even where these people fail to break through into mainstream markets, they are signalling what the new issues will be and where the great market opportunity spaces of the next decade will likely be found.

A memorable passage in Tom Friedman's recent book, *Hot, Flat, and Crowded,* recalls when he visited MIT and was invited to peel off from the session he was meant to attend. A bunch of students took him to see what their Vehicle Design Summit group was cooking up. This had brought together 25 college teams worldwide, including from India and China, to design and build a plug-in electric hybrid. 'Their aim', Friedman explains, 'was to demonstrate that they could build a car with a 95% reduction in embodied energy, materials, and toxicity from cradle to grave and provide the energy equivalency of 200 miles per gallon.' As a different Tom – Peters – would have said: wow!

Interestingly, the team were analysing turning points like the race to the Moon, trying to work out how to capture the same 'energy, passion, focus, and urgency'. But what really hooked me was their tagline for the project: 'We are the people we have been waiting for.' There are moments in history when a new set of challenges surface, when a new order urgently needs to be built. And Friedman concludes that this is exactly where we now find ourselves.

If the business of business is business, as a different Friedman argued, it is also to build future markets. One opportunity space attracting growing interest focuses on low-carbon cars, despite the hiccups that electric car pioneers Tesla has experienced recently. French President Nicolas Sarkozy, for example, has launched a £400 million R&D programme over four years to drive the development of low-emission vehicles. And the French energy utility EDF has announced agreements with Renault and Citroën to develop the recharging infrastructures. A make-or-break piece of the puzzle will be to develop the technologies, standards and business models – the 'soft infrastructure' – that system change demands. Compared to the French initiatives, the UK's late October 2008 announcement of £100 million for low-carbon vehicles is a good start, but hardly enough to move us into the fast lane.

So what would be some key dos and don'ts for marketing professionals in the next couple of years?

Don't

- Underestimate the challenge of going green convincingly and profitably.
- Greenwash – it's still so easy to do, through stretching marketing points, over-enthusiasm or misreading the direction of the debate.
- Imagine that 'green' performance improvements are a guarantee of market success – the product or offering has to work on its own terms. It's very much like quality. You could have made a submarine out of high-quality ferroconcrete, only to have it sink with all hands when launched.
- Forget that all forms of evolution – including product evolution – involve intense, continuing adaptation to environmental (or market) conditions. Innovate and communicate – and then keep innovating.

Do

- Test your ambitions and claims with people who know the field first.
- Be consistent: even well-founded green claims in one part of the business can be undermined by mishaps or misalignments in other parts of the business.
- Think big – just as General Electric did with its 'Ecomagination' initiative.
- Work out what your company's line is on key policy issues – looking not just for ways to defend your existing business model and reputation but new ways to build value, and encourage regulators and policy-makers to change market signals to support green solutions.
- Stick with it – Rome wasn't built in a day, nor was any well-founded green reputation.

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