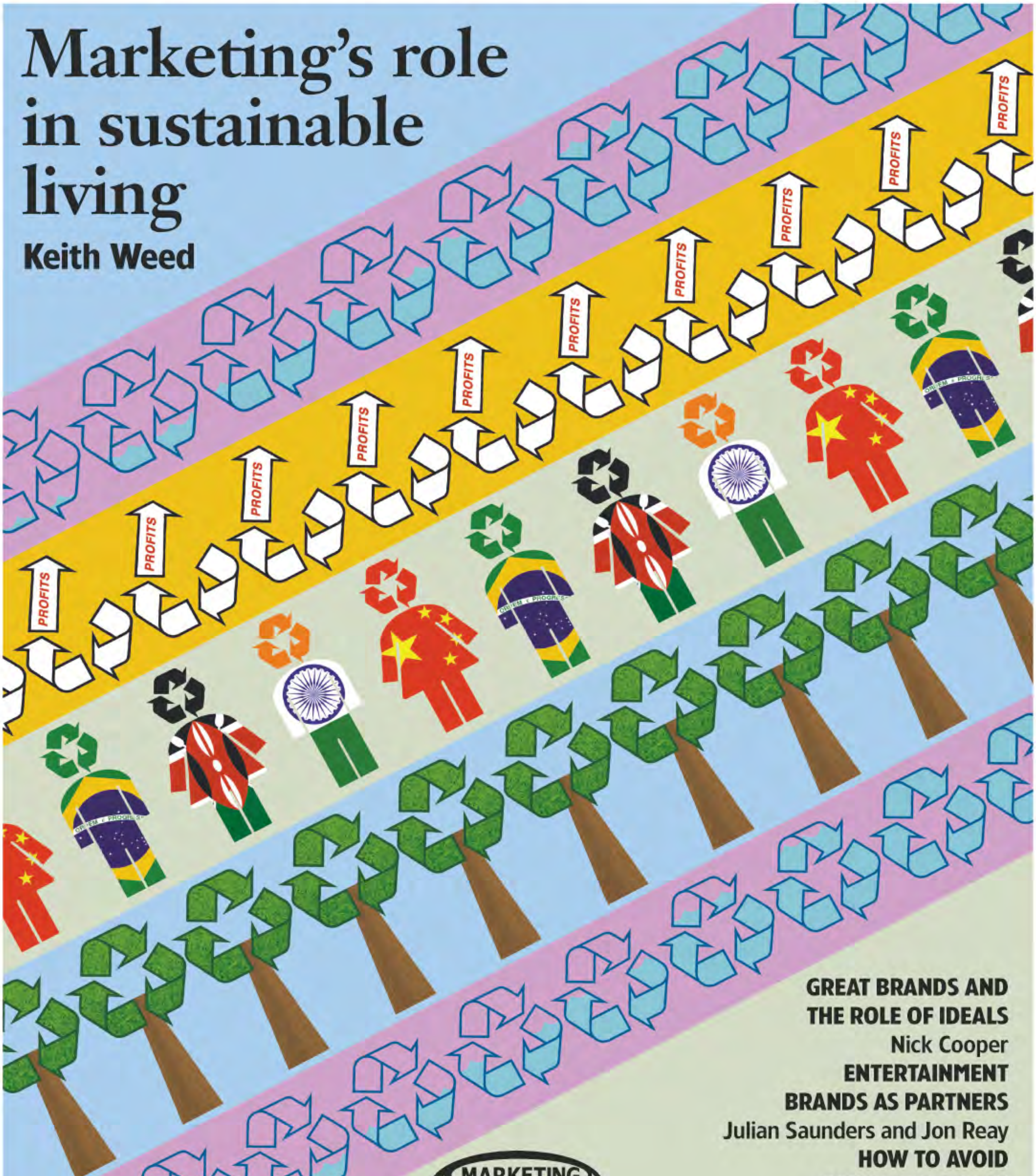
QUARTER 2

MARCH 2012

Market Leader

NEW THINKING, DIFFERENT PERSPECTIVES



Marketing's role in sustainable living

Keith Weed

GREAT BRANDS AND THE ROLE OF IDEALS
Nick Cooper

ENTERTAINMENT BRANDS AS PARTNERS
Julian Saunders and Jon Reay

HOW TO AVOID EXECUTIVE STRESS
Thomas DeLong

MARKETING SOCIETY

Doing well by doing good

A SURPRISING number of people on *Desert Island Discs* have a fondness for Yale mathematics professor Tom Lehrer's zany satirical songs with such titles as 'The Old Dope Peddler', the last line of which is 'doing well by doing good'. Such is the wonder of the English language that the phrase is instantly recognised as satirical in the song but perfectly reasonable in the context of what many companies are now doing.

Unilever has been in the vanguard of sustainable marketing and in the lead article in this issue Keith Weed describes how they are directing their marketing skills to social purposes, recognising that there need not be a contradiction between achieving a social outcome and a healthy bottom line. What I found particularly intriguing was the resurrection of an ancient brand of my own childhood – Lifebuoy. Many fmcg companies have such brands tucked away in the attic whose lineage could be dusted off for modern use. Along with new technology brands that make daily activities faster, cleaner, healthier in developing markets, Lifebuoy's marketing in countries where infectious diseases are particularly contagious is teaching children to wash their hands. There is, of course, nothing new in this: Unilever's roots lie in Victorian crusaders for hygiene; and Americans were taught to brush their teeth regularly through the activities of Colgate for decades.

Companies will never be truly successful at marrying social good to profitability until they take what is typically a box-ticking exercise labelled CSR out of Corporate Affairs, or PR or wherever it lives for bureaucratic convenience and place it firmly where it should live, which is in marketing. Perhaps more than anything, Unilever's structure of incorporating these activities under the global chief marketing officer is the most important aspect of all. It's a defensive as well as an offensive measure. As consumers become more conscious of their power in damaging the reputation of companies that transgress at some point in their resource and production chain – we see this happening daily – senior marketers must necessarily get involved in ensuring all aspects of their brands are fit for purpose – including the supply chain.

Another angle on this subject is described by Nick Cooper who relates the very important study by Millward Brown and Jim Stengel, ex-P&G global marketing director. The thesis was clear and the findings support it: brands and companies that represent an ideal – whether it is personal or social (Apple, Nike, Dove, Red Bull are some of the most famous of the 50 brands named) not only have happier employees, most significantly they have happier financial outcomes. Marc Nohr develops this thought in his article describing the tech companies of Silicon Valley.

We concentrate on the role of marketing in society in the next issue: watch this space.

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To submit an article, email the editor at judielannon@aol.com

Brainwaves

Our selection of light reading from around the world of marketing

Learning how to say 'You're fired' successfully

BY WINSTON FLETCHER

SWEET LORD Sugar probably learned to yell 'You're fired!' at the midwives while still in his crib, but I was made of soppier stuff. The first time I fired someone I was 21, and it threw me into a tizzy. I had hired him because he came for his interview wearing Kiwi-shimmering shoes. An eccentric reason, I admit, but my boss claimed that blokes who painstakingly polish their shoes never make mistakes. My boss was himself a painstaking polisher, but this was definitely a mistake.

Despite his flashing footwear, my new assistant made more cock-ups in his first month than all the sweet Lord's imbecilic apprentices have made during the entire series to date. He had to go.

To pluck up courage I got drunk at lunchtime – unwise – and when he entered my office I felt sure I was going to puke – also unwise. I explained that to succeed in advertising twinkly toecaps weren't enough, and tipsily mumbled the lovable Lord's famous farewell.

To my consternation he beamed a happy smile. 'Thank you so much,' he said, 'I've been meaning to say, I'm leaving.' This was distinctly discombobulating. 'Leevin?' I slurred. 'Whyzat?'

'Pension scheme's rotten.' He was 19 years old, 46 years from retirement. He obviously took long-term financial planning as seriously as he took shoe polishing.

> I boldly fired 50 people pronto, only to be told by my predecessor that I should have fired twice as many

I've never been any good at firings. When I was about to fire a copywriter, who incidentally wore atrociously grungy footwear – not a firable offence, HR advised me – he somehow found out and simply refused to see me, dodging me completely for some days until I eventually cornered him coming out of the loo. One bloke said: 'Well it's been a long walk to the scaffold. I can't believe how long you've taken. You're so feeble.' He was dead right.

There was the girl who fiddled her petty cash – so I had no qualms whatsoever about firing her – until she burst into sobs, explaining how she was supporting her crippled mum because her dad had run off with a more mobile model. As my eyes moistened I only just stopped myself giving her back her job.

And there was the time when, having finally got into the swing of things, I took over a grossly overstaffed agency and boldly fired 50 people pronto, only to be phoned by my predecessor and told I should have fired twice as many. So, how come he hadn't?

I still don't really know how to do it. Do you? Perhaps Lord Sweetie-Pie runs courses? ■

Winston Fletcher writes extensively on advertising and marketing.
Winstonflet@aol.com

This much I've learned

BARBARA CASSANI

The best advice I ever got ... Was from a boss who encouraged me to trust my instinct. I'd spent many years in strategic roles where every idea was analysed to death. He didn't suggest that I forgo the analysis, he just encouraged me to trust myself.
The worst advice I ever got ... Was to keep athletes at arm's length for the London 2012 Olympic Bid team. By ignoring this advice and putting existing and former athletes at the heart of the bid, we won the privilege to host the Olympics by proving our commitment to sport.
Don't underestimate ... How many ideas employees have on how to run the business better.
Don't overestimate ... How much customers notice.
The experience that taught me most ... Was managing field sales executives at British Airways in the 1980s. I found out that sales and marketing work best when they are tightly linked.
The most fun I had ... Was starting up the airline Go. We started by asking the question: 'How would I want to be treated by an airline?' We threw out the rule book.
The worst moment ... Was standing in the operations centre at Go as we made contact with each plane to ensure all was well just after the terrorist attack on 9/11.
My peak career experience ... Was running the airline Go. I was proud of our service and the people.

Barbara Cassani was the founder of Go Fly, and chairman then vice-chairman of the London Olympic Bid
bacassani@aol.com

10 things ... we discovered this winter

1 It's said that a priest saved a young Hitler from drowning.
2 The average hug lasts three seconds.
3 The average age of a British farmer is 60.
4 The average US share holding lasts 22 seconds.
5 The ransom paid to release Richard the Lionheart, captured in 1192 on his return from the Crusades, which was the equivalent of about £2bn in today's money.
6 About 40% of skyscrapers due to be completed in the next six years will be in China.
7 One in three British men claim to do the majority of ironing in their household; 18% say they have ironed in the nude.
8 After a 60-year ban, Disney will now allow employees at its resorts to sport facial hair.
9 Incan brides had to peel a potato to prove they would be a good wife.
10 On average, every hour of TV watched after the age of 25 reduces the viewer's life expectancy by 21.8 minutes. People who spend six hours a day watching TV live 4.8 years less than those who watch none.

Brainwaves pages are edited by Elen Lewis, editor of *The Marketing Society* elen.lewis@gmail.com

THOUGHT FOR THE DAY

SCHADENFREUDE IS NOT THE ONLY GERMAN WORD THAT CAN BE USED TO EXPRESS YOURSELF IN ENGLISH. HERE IS SOME MORE POTENTIALLY USEFUL GERMAN VOCABULARY

- *Feierabend*: a festive frame of mind at the end of a working day.
- *Drachenfutter*: ('dragon fodder') a peace offering to a wife from a guilty husband.
- *Fachmensch*: a narrow specialist.
- *Fingerspitzengefühl*: ('fingertipfeel') intuitive sensibility, confident sureness of touch.
- *Fisselig*: nagged and flustered to the point of incompetence.
- *Pomadig*: ('like hair oil') able to slip through difficulties.
- *Verschlimmbesserung*: an intended improvement that has made things worse.
- *Stammplatz*: a favourite usual spot, such as a specific table at a café.
- *Torschlusspanik*: ('gate closing panic') fear that time is running out to act.
- *Zivilcourage*: courage to stand up for what is right.
- *Zwischenraum*: the space between things.

Source: Futilitycloset.com

Words worth

R is for reading aloud. Hearing your words is a great way to help improve writing, says Elen Lewis

HERE'S A simple trick that will immediately improve your writing. Read the words aloud. It's the only way to be sure the rhythms of the sentences work well. I like the way crime writer PD James explains it: 'If it sounds like writing, I rewrite it.'

If you stumble as you read, the construction of the sentence is probably wrong. If you run out of breath, the sentence is too long. If it sounds too staccato, you may need longer phrases. If it doesn't sound right, then something is wrong with the flow. You may need to mix up short and long sentences to get the rhythm right. If you trail off at the end of your sentences or start speeding up, you might be getting bored.

If you are stuck, here are some things you could try.

1. Put the writing aside; leave it for as long as you can. An afternoon, a day, a week.
2. Read the words as if you've never seen them before. Don't read from your computer screen. Print it out.
3. Challenge every word. Is this the best word to use?
4. Cut until you can cut no more. Every word counts.
5. Challenge every sentence. Does it have rhythm? Is there magic in it?
6. Challenge every paragraph. Pretend it's flatpack furniture. Did you assemble it correctly?

Rigorous editing can help craft the plainest words into something of beauty. Brilliant writers tend to be brilliant editors. Or they are lucky enough to have one. David Ogilvy said: 'I'm a lousy copywriter but I am a good editor. So I go to work editing my own draft. After four or five editings, it looks good enough to show to the client.' ■

Do you have a business writing conundrum you'd like Elen to address in this column? Send your queries on question marks or questions of style and punctuation to elen.lewis@gmail.com

Golden brands of 1992

SNAPSHOT

Book: *Men are from Mars, Women are from Venus* by John Gray
Events: IRA bombs Manchester; Fergie and Andrew split; *Punch* magazine closes.
Films: *Reservoir Dogs*; *Wayne's World*.
Music: Take That sings 'It Only Takes a Minute'.

From The Marketing Society's archive of 50 golden brands: orange drinks, gladiators and telecom battles

TANGO'S AD 'You know when you've been Tango'd' slapped its way onto the TV screens. Featuring a man being hit around the face by an orange-coloured person immediately after drinking Tango, the ad seized the imagination of children throughout the country. Britvic's Tango later replaced the original 'slapping' ad with an almost identical new creative featuring a kiss instead. The original ad was named the third best TV commercial of all time in a 2000 poll by *The Sunday Times* and Channel 4.

Fighting was a popular theme in toys and games. *Gladiators* had become a huge TV hit and Gladiator dolls were popular toys. Meanwhile, Mortal Kombat, one of the most popular computer fighting games ever, made its debut, leading the House of Commons to question its suitability for children.

A bigger battle was ensuing in telecoms. Mercury had the unenviable task of persuading an apathetic public that there was an alternative to British Telecom with its 'Hats on the Phone' ad campaign.

It was also the year we were introduced to Chris Evans on *The Big Breakfast* and Edina and Patsy on *Absolutely Fabulous*. Then Calvin Klein taught boys to show their pants as Mark Wahlberg modelled CK underwear in low-slung jeans. ■

FIVE WAYS TO ... STEAL BITS OF RELIGION WHEN YOU BELIEVE IN NOTHING

Or five ways to ... make use of parts of religion

1 Return to the idea of sermons. Don't just exchange information, try to change someone's life.
2 Circle the great truths again and again and again. Don't associate repetition with boredom.
3 Use ritual to structure time, synchronise encounters, show what ideas are the most important.
4 What you're saying needs to be backed up by a really convincing way of saying it.
5 If you want to change the world you have to group together; you have to be collaborative.

Alain de Botton is a philosopher and the author of *The Pleasures and Sorrows of Work*. Watch his TED talk Atheism 2.0 at ted.com.

Want to keep your competitors up at night? Hire Gapingvoid for your next campaign, and sign up to the Free Daily Cartoon at www.gapingvoid.com

Blogbytes: turning bad breath into medicine

BY DAVE TROTT

MANY YEARS ago in America, Listerine had an antiseptic liquid for which it needed a mass-market use. So they invented bad breath, and with it mouthwash. And consequently they owned the market. No one noticed bad breath until Listerine sold it.

The more Listerine sold bad breath, the bigger their sales.

Subsequently, of course, other mouthwashes copied them. But they were all small sellers because Listerine dominated that market.

Any message about 'cures bad breath' would just increase the size of the overall market.

It wouldn't change the market dynamics, which meant all the little brands were doing Listerine's job for them.As long as they were just saying 'cures bad breath'.

Then along came Scope. Scope was marketed by people who actually knew what they were doing. They didn't want to just grow the market for Listerine's benefit. They wanted to take market share away from Listerine, which meant they needed a market share message, instead of a market growth one.

They were not telling people why they should use mouthwash but telling Listerine users why they should switch. And they noticed Listerine had a weakness. It took away bad breath, but it left a slight antiseptic smell so that became the point at which Scope attacked Listerine.

Scope advertised its mouthwash as having 'a fresh minty taste'. In the advertising they ridiculed Listerine users, shouting after them: 'Hey, medicine breath.' And the fear of bad breath was replaced by the fear of 'medicine breath'.

Scope's advertising took a lot of sales from Listerine until eventually, Listerine was forced to copy Scope and produce a better-tasting mouthwash.

Scope totally changed the dynamics of the market by understanding the difference between 'market share' and 'market growth'.

Another case was Bayer. Aspirin was the most commonly used type of painkiller; and headache was by far the most common use of aspirin. So, since Bayer was the biggest brand of aspirin, and since aspirin owned the headache market, all Bayer had to do was to sell aspirin.

The more people bought aspirin, the more Bayer sales grew. There had been alternative painkillers, but all of them just sold themselves as headache cures. And aspirin owned the headache market so none of these painkillers changed the market dynamics.

Bayer grew and grew because the smaller brands were using a market growth message, instead of a market share one.

Tylenol didn't do that. They saw that Bayer's strength was also their weakness: they were inextricably linked to aspirin.

So Tylenol didn't have to take on the Bayer brand, they just had to 'educate' people about aspirin. Their advertising didn't have to mention Bayer by name. Their job wasn't to talk about a headache cure, it was to talk people out of aspirin. Their advertising said 'Did you know that excessive use of aspirin has been found to cause stomach irritation, and even bleeding in some people?'

And the answer was of course, if you didn't want to take the risk, use Tylenol. Which millions of people did.

No one questioned the qualifying phrases 'some people' or 'excessive use'. It didn't matter, the seed of doubt was enough. Because Tylenol, like Scope, realised the only way to change things is to change things.

Dave Trott writes a monthly article on The Marketing Society's blog at blog.marketing-soc.org.uk
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A DAY IN THE LIFE OF A MARKETER

- Commute to office – 33 minutes and 09 seconds
- Arrive at office – 8.07am
- First chat with colleague – 8.20am
- First coffee/tea of the day – 8.27am
- Lunch – 12.57pm
- Lunch break lasts – 29 minutes 56 seconds
- Average cost of lunch – £3.32
- Number of cups of tea – 3.5
- Number of emails received – 38
- Number of emails sent – 32
- Phone calls made – 21
- Phone calls received – 20
- Number of disagreements with colleagues – 0.67
- Time spent on Facebook/Twitter – 10 minutes 56 seconds
- Time spent online banking and shopping – 11 minutes 02 seconds
- Time spent on personal emails – 09 minutes 09 seconds
- Biggest office bugbear – computers and printers crashing
- Length of time in current job – five years and 11 months
- Leave the office – 5.22pm

Commute home – 31 minutes 50 seconds
- Cost of daily commute – £3.93

With thanks to Mars Drinks for the data in this list.

Ideas & issues

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Each medium can be viewed as a fisherman's line, with the fly being the content bait

EFFECTIVENESS

Advertising and the art of fly fishing

FROM HAMISH PRINGLE

I WAS lucky enough to go to Trinity College Glenalmond in Perthshire and, among its many wonderful facilities, the school had the River Almond flowing through its grounds. If you caught a salmon the kitchen would cook and serve it to your table at supper – a highly prized delicacy given the variable standard of the school's food. So we spent hours creating the most exotic lures out of beautiful feathers and threads in order to land a fish. Aesthetically pleasing as they were, I never caught a single one with mine.

Many years later I read an article which made me feel pretty foolish. The author had taken a fish-eye-view of what a fisherman's fly looks like when it lands on the surface of the water. The salmon doesn't see the object of beauty on which so much time and effort has been spent. What it actually sees is the tiny footprints of the 'fly' as they rest upon the surface in their distinctive configuration – it's the similarity to the footprints of a real insect that makes it attractive to a hungry fish.

But different types of insects hatch at different times of the year and these appeal to different sorts of fish at different times – some swim fast upstream in the middle of the river while others are resting deep in a pool, or dawdling in the shallows by the river bank.

By analogy, we can see that a customer's 'life flow' is increasingly intermingled with the 'media flow' and we can use this model to empathise better with their needs and construct more effective advertising and marketing communications campaigns.

Key insights into the complexity of life and media flows for any given customer category are provided by IPA TouchPoints.

The vast amounts of data available can be analysed to reveal a comprehensive picture comprising demographics, product use, location, who the respondent is with, media exposure and life activities such as shopping and leisure. Using these insights the media planner can then place the brand in the media flow where the target customers are stepping in, but the competition is fierce.

THE BAIT DEBATE

Accenture Media Management estimates that the average UK individual is exposed to 1,009 commercial communications daily. And of course, these individuals are each stepping into the flow at different points on their own personal spectrum from 'not buying' to 'buying'.

Dunnhumby estimates the number of purchases that the average household makes in a day is 21 and for main grocery shoppers it's 16. So customers have constantly varying needs of brand communications which must be served.

In this context we can view each medium being, as it were, a fisherman's line with the fly being the content bait. In order to get an insight into how many lines (and flies) are required to land a customer we can learn from more than 30 years of IPA Effectiveness Awards cases – the gold standard in the proof of how advertising and marketing communications works.

Analysis by Roger Ingham of Data Alive has revealed that the number of potential media options and media used by campaigns has increased dramatically over the years. We have now got to the point where there are 20 different options listed in the author questionnaire and, on average, the winning cases use just over nine channels each.

Meanwhile, in their seminal analysis of the IPA Effectiveness Awards, *Marketing in the Era of Accountability*, co-authors Les Binet and Peter Field found that a mix of three or four 'bought' media, depending on budget size, is far more effective than using just one medium. And there's no limit to the benefits of additional 'owned' and 'earned' media.

Binet and Field also concluded that 'fame' is the most powerful driver of effectiveness. This is the kind of campaign that creates buzz about the brand, which gets passed on to others through social media. It creates the 'water-cooler conversations' that can multiply the paid-for media spend through 'earned' media. In this context, it's unsurprising that television, with its audio-visual power to engage emotionally, is the most effective single medium and is used in 92% of winning cases with an important leveraging effect on other channels.

FIND THE RIGHT STREAM

So, having looked long and hard at these analyses, and many other sources, Jim Marshall of Aegis Media and I determined that there are five key roles for a brand's media mix within the 'flow':

1. 'Fame', or the ability of a medium with the right creative content to generate 'buzz' and 'talkability' for a brand.
2. 'Advocacy', or the ability of a medium to enable consumers and citizens to pass on their opinions to other people, increasingly via 'word of mouse'.
3. 'Information', or the ability of a medium to provide customers with detailed information about the product or service, or company, that they're interested in.
4. 'Price', or the ability of a medium to deliver a price point or special offers.
5. 'Availability', or the ability of a medium to point consumers towards where they can buy the product or service they desire.

But, of course, it's not just a question of channel – content is crucial too. The brand has to have appropriate creative work that has a synergistic and optimal relationship with the particular medium through which it's being deployed.

The Link Between Creativity and Effectiveness, Peter Field's report on the cross-analysis of the *Gunn Report* and the IPA Effectiveness Awards databases, has shown just how powerful award-winning creativity can be. Over the period 1994–2002, creatively awarded campaigns were around three-times as efficient as non-awarded ones; however, for the period 2003–2010, this number rises to 12 times.

Taken alongside the wealth of analysis proving the correlation between share of voice and share of market, brand owners face a stark choice if they want to win market share. Either they have to buy excess share of voice, or they have to invest in outstanding strategic thinking, channel planning and outstanding creative content.

If you're a challenger brand the former strategy may be unaffordable, so the alternative is to cast accurately to where customers are in the media flow, making sure to have perfect flies at the end of each line. ■

> Using the fishing analogy, the media planner can then place the brand in the media flow where the target customers are stepping in, but the competition is fierce

Hamish Pringle, strategic adviser, 23red, and co-author with Jim Marshall, chief client officer, Aegis Media UK, of 'Spending Advertising Money in the Digital Age' published by Kogan Page, January 2012.

>

TECHNOLOGY BRANDS

What can we learn from firms in Silicon Valley?

FROM MARC NOHR

AS PART of a group of IPA agencies, I recently completed a whirlwind tour of 18 of the most successful and fastest-growing businesses in Silicon Valley and Hollywood including Facebook, Google, LinkedIn and Disney. There are at least six characteristics that unified them all.

Silicon Valley business park is home to many types of innovative companies – but they all share at least six characteristics for success

VISION

The first was vision. Specifically, the importance of a company vision which transcends the everyday and points towards a higher purpose. For Facebook it's the creation of 'the largest living map of living connections'. For Twitter, it's 'instantly connecting people everywhere to what is most meaningful to them'.

For AirBnB, the service which allows users to rent each other's apartments, it's the sense that 'a world of sharing is a better one'. Sharing is a big idea. And one which seems to be catching on in California, as we see a rash of resource-sharing services: people renting out each other's apartments, cars, even prams and lawnmowers. And, of course, lending each other money.

Is this phenomenon a short-term response to recessionary pressures, giving people a much needed extra source of revenue? Or is it a genuinely game-changing play, where individuals now compete with companies in the rental market? This phenomenon of collaborative consumption – as it's fashionably called – hints at another trend which was evident in California: a move from ownership to rental. It's evidenced in everything from car rentals to movie downloads to cloud computing.

'ONE OF US'

As well as this clarity of vision, each of these companies exhibited a distinct culture and a clear understanding of what it is to be 'one of us'. Each one of the cultures we came across was of course different, but distinct, and characterised by ambition, restlessness, contrarianism and being 'always in beta'.

In many instances, these cultures manifested themselves in workplaces which are three-dimensional representations of the brand. Typical were Google's campus in Mountain View with its outdoor spaces, colour, sense of fun and exploration. Zynga's office with its interactive light-tunnel through which all visitors walk, its room dedicated to life drawing and its bars and restaurants (free food is a recurring theme), IDEO's café, all glass and wood, with a toy workshop hovering above on a mezzanine which made you want to play.

THE WALLS ARE CRUMBLING

There are some 800 million people on Facebook, 130 million business people on LinkedIn, five billion searches a day on Google, a billion tweets every four days, 230 million people are gaming via Zynga. If

Farmville were a country it'd be the fifth largest in the world; a zettabyte of information is being created every year (that's a million million gigabytes to you and me); there are five billion mobile users worldwide; 85% of the world's population is covered by a wireless signal (which is greater than the reach of the electric grid).

You get a sense of a world in which we will be increasingly connected, at all times, to whatever we want: games, content, commerce, conversation. The barriers to collaboration, consumption and creativity are crumbling. And as they fall, the opportunities for trade increase. Warner Bros are now renting out films directly via Facebook; LinkedIn is becoming an important source and distributor of business news, with its global audience of business professionals. Farmville users raised millions of dollars while gaming via microdonations.

Here's an even bigger idea. Chinese protectionist laws prohibit foreign companies from importing more than 20 films a year into the country. That's 20 films in total, shared between dozens of studios and producers. Undeterred, Disney have observed that with only one child per family, the whole family unit (parents, grandparents etc) are entirely dependent on the professional success of that single child to support the family. And Disney have been smart enough to realise the importance of English as a key to educational and professional progress.

So what have they done? Disney are getting their brand in front of Chinese families by opening language schools – using their narrative and film-making skills to make the educational experience a rich one. If you thought that Tesco selling petrol and banking was category busting, you ain't seen nothing yet.

> Each of the company cultures we came across was of course different, but distinct, and characterised by ambition, restlessness, contrarianism and being 'always in beta'

THE DATA REVOLUTION

What happens when you preside, as Google does, over five billion searches a day? And of course it's not just Google we are talking about, but granular access to huge volumes of customer interactions typifies many of these next-generation media companies. What we are witnessing is a data revolution.

As consumers interact with social platforms, games, information and each other, they are revealing information about their preferences and behaviours like never before. Effortlessly and in volumes unimaginable only a decade ago. And this is not just opening up opportunities for the digital pure-plays like Facebook – which learn more about their users by the second – but also for traditional media brands.

Warner Bros, 20th Century Fox and Disney now know their customers in ways never possible before. Now, they're using sites like eBay to monitor what movies are being pirated, and then using 'Manufacturing on Demand' technology to manufacture those films and selling them directly on Facebook.

Disney on the other hand have used a fairly primitive source of data – YouTube - to do something even more imaginative than renting out movies on Facebook. Check out DJ Pogo, a 16-year-old kid who likes making mash-ups of Disney films. Only a few short years ago Disney, who make Chinese protectionism look mild, would have closed him down. Now, they're giving him access to hi-res content to make even better mash-ups. Why? Because his latest *Alice in Wonderland* mash-up has 7.6m views and is introducing Alice to a new audience.

ALWAYS IN BETA

The same sound bites echoed through the corridors wherever we went. 'If you don't fail you're not trying hard enough', 'test, test, test', 'hack days', 'launch and learn', 'always in beta'. As hip as some of this sounds, as natural as it might be to creative people, its also quite counter-cultural. Failure is a taboo in the UK. In California it's a badge of honour.

This was brought home to me when I revealed at a drinks reception that I was one of the founders of the first digital music download company in the UK, the person I was speaking to said 'I heard of that'. And then asked 'did it collapse when itunes came along?'. 'Yes, I said'. 'That's so cool… brands like yours were part of that whole music revolution.' Not the kind of response you'd get in the UK.

This commitment to being 'always in beta' is supported by a whole load of rituals and practices. The practice at Google of giving people 20% of their time to come up with innovative ideas (15,000 last year) is perhaps the most remarkable.

And there were some wonderfully innovative ways of approaching the topic. Top of the list was Albert Savoia, Google's technology director, with his approach to prototyping. Or rather, Pretendo-typing, which he calls 'Preto-typing'.

Albert's thesis is this: most new ideas fail, it's a fact of life. So don't ask people's opinions in focus groups of how they might respond to a new product. And certainly never spend millions developing prototypes that have a high chance of falling on their faces. Instead, develop proxies cheaply and quickly. And collect real data, not opinions. Want to write a book? Create a fake door.

In other words buy a Google Adwords campaign and see if people click on it. Collect their email addresses. And if you have enough, you have a ready-made database of prospects. Have a retail idea? Set up a stall in a car park and see if people pre-order. Have an idea for a PDA? Make a model out of wood and ask people to carry it around with them for a few days. Then once you know the concept can work, spend money on building it. Bonkers, but genius. Albert's mantra is: now beats later, simple beats complex, commitment beats committees, data beats opinions.

BOILING THE FROG

There were numerous instances on the trip, when we all recognised huge threats to traditional advertising models and agencies. It's what Marc Giusti of Leo Burnett referred to recently >

in *Campaign* magazine as 'boiling the frog'.

What exactly is this threat? Simply expressed it's the threat of being left behind. Some of the emerging companies in California have scale that is eye-watering, they have access to unimaginably rich levels of customer data, they have the ability to integrate systems, some of them own boutique businesses in the areas of apps and social media. Others have offshore production facilities. They have speed, agility and inventiveness. They have transparent and ROI-oriented payment models. And they don't necessarily need traditional creative agencies to deliver much of this.

For example, Zynga can integrate your client's brand into their games, weaving it straight into the narrative in ways which enjoy high user acceptance and likeability, replacing traditional advertising formats.

That, of course, is the glass-is-half-empty view of what we saw. The glass-is-half-full view says clients will always need the creativity that agencies bring, the depth of expertise in communications, the solutions and media neutrality we can provide and the talent we can access. But taking it for granted means that our frogs will be boiled. Advertising needs to reinvent itself just like every other industry. ■

Marc Nohr is chief executive officer, Kitcatt Nohr Digitas.

This is the speech delivered by Marc Nohr at the IPA 44 Club event hosted at Microsoft in January 2012.

PREMIUM BRANDING

Could sustainability be the future of luxury?

FROM LESLIE PASCAUD

LUXURY AND sustainability: two opposing concepts? At first glance, perhaps. After all, the word luxury derives from the Latin word 'luxus' and conjures up images of 'pomp, excess and debauchery'. Whereas sustainability invites us to 'meet the needs of the current generation without compromising the ability of future generations to meet theirs'.

> By reinforcing the fundamental values of luxury, sustainability can distinguish its difference vs more 'common' premium brands

The two sound paradoxical indeed. And consumers seem to agree. In a recent survey, consumers put the luxury industry last in a ranking of industries associated with sustainable commitments; the industry scored lower than the financial and petrol sectors.

So should the luxury industry admit defeat and ignore sustainability? We think not. For several reasons, including:

- The growing impact sustainability is having on the industry cannot be ignored.
- The globalisation of luxury has led to greater environmental and biodiversity impacts.
- Outsourcing to developing countries has brought to light abusive employment policies and working conditions.
- The health impact of toxic residues present in many textiles, foods and cosmetics is increasingly an issue of concern for consumers.
- And in certain markets, luxury is perceived as a threat to social cohesion. The Chinese government restricts communication around certain luxury brands as they are seen as 'a provocation' to the poor.

OVERLAPPING DNA

We recently ran a qualitative study across three continents to uncover the seven fundamental values of luxury. Of these, three values overlap with sustainable principles:

- Timelessness: luxury isn't trendy. It is, by its nature, durable and long lasting.
- Uniqueness: the ultimate luxury is one of a kind, tailor-made products that allow the owner to resemble no one else and show an appreciation and respect for craftsmanship.
- Soul: luxury is a vector for emotion; products are charged with meaning, heritage and a story.

Jean Noel Kapferer, renowned French marketing professor, describes the two concepts as linked in the following way: 'Luxury is at its essence very close to sustainable preoccupations because it is nourished by rarity and beauty and thus has an interest in preserving them.'

By reinforcing the fundamental values of luxury, sustainability can help to clearly distinguish its difference vs more 'common' premium brands. Not compelled to promote consumption for the sake of consumption, sustainable luxury rejects frivolous spending and shows a rich understanding of the fragile nature of things. And, as a result, genuine luxury defends the price of rarity, of craftsmen's talent and noble materials.

A HAPPY SYNERGY

A new generation of designers is enthusiastically redefining the soul of luxury. Katharine Hammet, Stella McCartney and Linda Loudermilk are just as committed to the values of justice and responsibility as they are about quality and aesthetics. It is important to

A generation of designers is enthusiastically redefining the soul of luxury

The Galleria Vittorio Emanuele II in Milano, Italy, is now synonymous with luxury goods

note that for them, sustainable luxury should be written with a small s and a capital L.

Stella McCartney explains this prioritisation clearly when she refuses to be defined as an 'eco-designer seeking to make chic clothes'. Instead, she considers herself to be 'a luxury clothing designer with sustainable convictions'.

The world of beautiful, creative and deep luxury also opens new horizons for sustainability, liberating it from its wholesome, boring strait-jacket and allowing for more aspirational expression and innovation. This new spirit of luxury is starting to extend across categories and geographies:

- Yves Saint Laurent's New Vintage III range: a contemporary, fashionable form of up-cycling that re-exploits unused fabrics from past seasons, employing them to reinvent the emblematic silhouettes of the designer. Hence, the range reinterprets the brand while maintaining its authenticity.
- Hermès creation of Shang Xia, a new Chinese luxury brand of graceful, contemporary handcrafted decorative objects. By supporting local artisans in China, Hermès offers a modern and localised adaptation of authentic *savoir-faire*.
- The new concept of 'glamping' (glamorous camping) proposed by brands like Luxethika ou Edenismes where the travel experience is designed to reconcile reduction of environmental impacts with adventure and comfort. (Note: they haven't got it quite right yet as transfers to the sites are apparently made in 4x4s or even helicopters.)
- BMW's Efficient Dynamics technology was created to deliver reduced emissions and fuel consumption with no sacrifices made to driving pleasure.

INNOVATE SUSTAINABLY

The opportunities for sustainable innovation in luxury abound. But the impetus must come from pioneering luxury brands that will:

- Encourage repairability, upcycling and longevity of their products.
- Promote the principles of 'buy less and pay more'.
- Dematerialise and reinvent the luxury experience.
- Promote respect for and appropriate compensation of craftsmanship at home and abroad.
- Serve as sustainable trendsetters.

As chairman and CEO of PPR, François-Henri Pinault says: 'If we wait for consumers to insist upon sustainability as a condition for purchasing, nothing will happen … It is up to us to see to it that environmental products become the new norm.' ■

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MARKETING EVENTS

‘Eventful’ spaces can provide a creative platform

FROM PHILIP CROWTHER

THE TRADITIONAL connection between ‘marketing’ and ‘events’ is a curiously dysfunctional one. It conjures images of the cavalier executive impulsively funding ‘the same old’ events, with a philanthropic or perhaps indulgent intent.

The prevailing picture is of an unnecessarily narrow selection of events as extra communication or sales vehicles. Although this ignores some inspired event-based activity, the overwhelming picture is of events being tactical rather than strategic and detached rather than integrated.

This picture emerges from many sources, not least interviewees in my own research who characterised events as ‘a poor relation of the communication mix’.

CREATING VALUE HAS BEEN IGNORED

This view has obstructed events from realising their value in the marketer’s armoury. However, over the past decade, marketing events have been enjoying heady days, characterised by increasingly sophisticated executions, with established and celebrated connections to overall strategy.

The conventional platforms remain, such as exhibitions, tradeshows and product launches. But there is a vibrancy and creativity to event-based marketing, with innovation that leverages events in countless ways, such as the brand entertainment experiences embodied in such creations as Red Bull’s Flugtag and Guinness’s Witness Festival.

Strategic marketing events are better thought of as potential ‘value creation spaces’ where organisations can coalesce with desired customers, clients, and wider stakeholders.

> Choreographing event space is closer to putting on a theatre performance than designing a print campaign

The event space is pliable and can be shaped to encompass sales and promotion, word of mouth and PR, brand development, and customer consultation/co-creation.

Why has the poor relation ‘made good’? There are seven key factors that have fuelled the growth of event-led marketing:

1 The intimacy and interactivity of a face-to-face event can trigger emotional connections that are a holy grail in the cluttered reality of modern marketing.

2 The participative and content-led character of events embodies the popular conviction of doing things 'with and for' rather than 'to' customers.

3 Young people's zest for experiences, authenticity, and instantaneous interaction, each underpin the arrival of events.

4 Oddly even the eruption of social media is fuelling event investment as brands seek to create a physical core to provoke talkability (eWOM) to fire their virtual strategies.

5 Events are content led and, as experiences, provide an interactive showcase of the brand offering visibility and engagement.

6 Events present a structured venue to invest in more frequent and consistent 'conversations' with customers. Face-to-face is having a renewed emphasis given the upsurge of virtual.

7 Event space is a potential breeding ground for the 'co' philosophy that pervades so much progressive marketing thinking.

POTENTIAL DANGERS

Most business will have some, probably quite a lot, of space already as they host, or co-host, many events each year. Participants arrive in the space with costs incurred (travel, parking, hotel, and of course opportunity cost) and, inevitably, expectations driven by their previous event experiences.

So the event space is ripe with potential but equally high in risk, should the experience not reach expectations.

Events are a blank canvas and the best 'event designers' balance recognition of constraints with an artistic aspiration to cultivate meaningful and differentiated experiences. Decisions about setting, programme, services, theme, food and drink are the equivalent to choices of words, images, tone of voice, format for more conventional communications.

Choreographing event space is arguably closer to putting on a theatre performance than designing a print campaign.

Unsophisticated application might not only be inefficient but will almost inevitably be damaging to an organisation's brand and relationships.

Successfully facilitating and optimising marketing space, with all of the contingent factors and considerations, takes the marketers outside of their core competence and into the realms of event designer, event manager, and even service recovery manager.

A complicating reality of marketing events is that a very wide range of people contribute to the execution. Brand ambassadors come in the form of receptionists, cleaners, catering, and security guards, in addition to the marketers, event managers, and senior executives.

EVENTS MAKE PROMISES TANGIBLE

The arrival of events as a mainstream marketing approach has profound implications. Suddenly, marketing becomes a promise-keeping business; 'realtime' marketing becomes a reality.

Events are participative in nature. Brand communication is instantaneous and of course relationships are enhanced, sustained, or diluted regardless of whether that was a prescribed rationale for the event. ■

> The event space is pliable and can encompass sales and promotion, word of mouth and PR, brand development, and co-creation

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This is an edited extract from the winner of The Tim Ambler Academy of Marketing Prize for 2011. The paper with full references may be obtained from the author.

CORRECTION

British Brands Group

Apologies to the British Brands Group for not attributing Rory Sutherland's article in *Market Leader*, January 2012. We published an edited version of his lecture.

Since the year 2000, an annual Brands Lecture has been delivered by some of the leading lights in the branding world. The full versions of these lectures are available from www.britishbrandsgroup.org.uk/the-brands-lecture.

- The 11th Lecture: Accountability is not enough. By Rory Sutherland, IPA and Ogilvy Group.
- The 10th Lecture: Brand new: Innovation in a challenging world. By Fiona Dawson, Mars Chocolate.
- The 9th Lecture: In brands we trust. By Lord Bilimoria, Cobra Beer.
- The 8th Lecture: Can brands save the world? Let's hope so. By Richard Reed, Innocent Drinks.
- The 7th Lecture: They think it's all over ... By Martin Glenn, Birds Eye Iglo.
- The 6th Lecture: The Lovemarks effect. By Kevin Roberts, Saatchi & Saatchi.
- The 5th Lecture: Brands beyond business. By Simon Anholt.
- The 4th Lecture: Hybrids, the heavenly bed and purple ketchup. By David Aaker, Prophet.
- The 3rd Lecture: 100% Marketing. By Rob Malcolm, Diageo.
- The 2nd Lecture: Posh Spice and Persil. By Jeremy Bullmore, WPP.
- The Inaugural Brands Lecture: Are brands good for Britain? By Tim Ambler, London Business School.

Lessons in advertising from the largely ignored

Jeremy Bullmore explains why for some brands, less is always more

THERE'S A school of advertising that, if more widely adopted, would put most creative agencies out of business. It's most apparent between mid-October and mid-December. Here are some of the names that favour the school – and have done so for decades, Chloé, Yves Saint Laurent, Gucci, Dior, Armani, Prada, Versace, D&G, Calvin Klein, Chanel, Givenchy, Lanvin, Boss, Estée Lauder.

Their advertisements are unlike most other advertisements in several respects. No copywriters have been troubled: there are no headlines, no straplines and no body copy. The only word is the name of the brand. There is no attempt to differentiate through verbal embellishment. No consumer promise is overtly made and price is never mentioned. In print, the most common medium, photography is universal and the subjects are either cool women, moody men or a combination of the two. Their age range is about seven years: 18-25. Naturalism is out: they are models, behaving like models. Few even hint at a back story.

It's not only copywriters who've clearly been sidelined; it's difficult to detect the influence of a planner. If you plotted most of these brands on a Boston grid, they'd all be huddled together in the same crowded quadrant. All that these highly competitive companies seem to need are a photographer and a media buyer.

No wonder such advertising is widely ignored by the advertising elite. It's formulaic, uncreative and hasn't a chance of winning anything shiny.

It's possible to argue, of course, that all these campaigns are ineffective – or could be even more effective if given a light dusting of account planning and creativity. But all these companies are great big grown-up companies and they've all been constant in their use of such advertising for many years – so we must assume that, in the eyes of those who pay for it, such advertising works.

In which case, why? And why haven't other sectors adopted the same approach? In fact, I believe, we've all got a surprising amount to learn from this derided category. Its first and most fundamental lesson is the one that we all know to be true but are deeply fearful of saying out loud: by far the most important decision an advertiser makes is the decision to advertise in the first place. The form, the creative content and the quantity of that advertising are all, of course, significant factors that can materially affect return on investment; but to advertise at all, however primitively, remains the basis on which a branded product can achieve and maintain its long-term profitability. If the giant pharmaceutical companies could enjoy the same security of future revenue from their prescription-only compounds as they do from their humble consumer products, they'd be very happy bunnies. Every blockbuster's patent eventually expires. The protection enjoyed by a well-nourished brand can be forever.

Competitive perfumes can hardly argue their case. They have no measurable function. What is their Unique Selling Proposition? Kingsley Amis wondered why no brewer simply claimed that Bloggs' Beer Makes You Drunk. For the same reason that no perfumier claims that Passion Flower Perfume Makes You Irresistible.

Denied the explicit, the perfume brands rely on the implicit; and again, all other brands have much to learn. People derive more from brand names, from beautifully designed packs and packaging and from the visual content of advertising than we normally give them credit for. If the only cues available to them are visual, they'll do the rest.

And what about product parity? What about every marketer's obsession with distinction; with staking out and owning some small part of a sector's territory? How can consumers possibly make a discerning judgement, off the page, between 20 perfumes identically presented?

The answer comes in two parts. They can; and they don't have to. Virtually every one of the names at the start of this piece is, quite literally, redolent. They are all crammed with association, with legend, with glamour. And the more you know about them, the more distinctive you know them to be. What's more, the human brain, unlike marketing professors, doesn't accept the concept of parity; it can't make room for two different things in the same place, so it differentiates between them. Products may be the same. Brands can't be.

So we have much to learn from these formulaic, uncreative perfume brands: not least, that the receivers of our communications, if skilfully prompted, can do much of our work for us.

If neuroscience has a contribution to make to marketing and advertising, it won't be a subversive guide to the unconscious; on how to get under the human radar so that tomorrow's consumers will be helplessly committed to spending money they haven't got on stuff they've never wanted. We may finally have the evidence we need that our receiving public, irrespective of standards of literacy, is perfectly capable, thank you very much, of drawing conclusions; of understanding the implicit; of being a contributing partner. If so, this will be extremely good news for just about everybody. ■

Jjeremyb@aol.com

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A strong, lasting relationship between client and agency is essential in providing the foundation on which to create great advertising and marketing communications.

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Choice

However, the search and selection process can be both costly and time-consuming. With an estimated 3,000 agencies in the UK to choose from, the overwhelming choice alone becomes a stumbling block.

Agency List

That's why the Institute of Practitioners in Advertising (IPA) created Agency List, a dedicated web resource allowing clients to compare all of its member agencies. Arguably the best agencies in Britain are featured here, each represented by its own web page listing the key information required to help you make your choice. The consistent page design allows for ease of comparison between agencies and, best of all, the service is free.

There is also a link from Agency List to www.allourbestwork.com where IPA members can showcase their work.

Reassurance

In an industry with few or no barriers to entry, it's reassuring that all IPA member agencies have had to undergo detailed financial scrutiny, demonstrate professional competence in the eyes of their peers, clients and suppliers, and meet the IPA CPD Accreditation Standard. IPA member agency employees are also well-qualified, with over 4,000 now holding the Foundation Certificate and over 1,200 our LegRegs qualification.

Criteria

The strict criteria for IPA membership may mean that we represent only about 10% of all UK agencies, but those agencies account for an estimated 85% of all advertising spend in the UK.

Resources

Every IPA member agency has direct access to a wide range of services, including: the IPA Legal Team and online Contract Bank; the Information Centre and database of Effectiveness Awards case studies; the Professional Development programme; expert financial, employment and management advice; an online intellectual property protection facility; and TouchPoints, the IPA's own media consumption study.

Effectiveness

For over 30 years, the IPA has run its Effectiveness Awards, designed to showcase and reward campaigns that demonstrate the commercial return from marketing investment. IPA members that have submitted Effectiveness papers are highlighted on Agency List, so you can choose an agency which has proven its ability to make money for clients. For more information: www.ipaeffectivenessawards.co.uk

Endorsement

It's therefore no coincidence that the lion's share of creative and media agencies on the Government roster are IPA members and that ISBA, representing the UK's largest advertisers, recommends its members use IPA agencies.

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IPA

Promoting the value of agencies

Thanks for the memories, Kodak

Michael Bayler suggests that we have lost more than just a business with the demise of Kodak

I STARTED looking at Kodak just weeks before its Chapter 11 announcement of January this year, in the context of some strategic work for a movie client. It won't surprise you that a major motif in the boardrooms of LA is: 'Above all, please let us avoid the awful fate of … the music business!'

But music – more specifically the record business – was never as dumb as it was made out to be, its goofy PR bloopers notwithstanding. More importantly, and more subtly, music as a cultural product behaves in a very different way from all other forms of content.

I found, to the contrary, that the insights drawn from Kodak's journey, from ubiquitous global icon to sad poster-child for digital disruption (at the time of writing the company has just asked for its name to be removed from the Oscars theatre in LA, an awful fall for a company on whose stock literally every Academy Award-winning film for decades was shot) are far more informative, not merely for Hollywood but for all categories exposed to the value-stripping influence of online media.

OWNING MEMORIES

The Kodak Brownie transformed personal human experience, in that it enabled people worldwide to capture, own, and share (note, not in the way we 'share' today, but at a genuinely physical, intimate level) images of their own lives. In a sense, Eastman Kodak was the Ford Motor Company of modern personal identity. And the deep, sustainable and above all personal meaning that those gawky, prosaic, kiss-me-quick shots offered to consumers was immense.

When Kodak eventually invested in some formal brand-positioning work, it was able, without effort or loss of credibility, to take global ownership of one, fundamentally human, idea. Kodak decided to own 'Memories'. Sounds easy, in a way.

But the key insight here is not that a brand agency then created a marketing and advertising manual, that then enabled all sorts of other agencies to create all sorts of brand communications that cemented their commercial monopoly over 'Memories'. What we need to grasp more urgently is the sheer human impact of the Kodak brand and its then-technology; and above all, I argue, the cultural and personal weight that the process and the images that emerged represented, from …

… lugging that bulky clunky item of luggage on holiday or to a wedding;

… through how to load a film without exposing and ruining it;

…then how to take the film out when you'd finished it, again without exposing it;

…to the simple joy of waiting for your prints to come back in the post or from the pharmacy;

…through to the often awful, sometimes happy, but always very meaningful, shared experience of our very amateur holiday snaps.

THE EMERGENCE OF CONTEXTUAL VALUE

So, what did happen to Kodak? Did memories suddenly lose their value? Well, we can obviously say that 'digital happened'. And certainly Kodak was terribly slow off the mark when the digital image came to town. One senses that the Kodak board perhaps saw digital – like so many other industries have – not as the global cultural earthquake it would shortly become, but more as a supply-chain issue with minor implications at the consumer interface: digital cameras at one end, CDs instead of prints at the other, and so on.

No, it was infinite copying and infinite sharing that did for Kodak. Because, missing from that formerly unassailable position astride all the world's 'Memories', was a simple fact, one I believe of the greatest strategic importance for post-digital business. It was the context, not just the content, that created and sustained an awful lot of the Kodak value.

Until we were all joined up by networks, Kodak's 'Memories' (moments of profound personal and family meaning, if you like) were special, unique, one-of-a-kind, and could be shared only with a privileged few. In other words, it was not just the images themselves (quality of photo, with a nod to the obvious exceptions, never per se made them intrinsically meaningful) but the severe technical limitations within which they were captured, processed and shared, that gave them their rarity, exclusivity, and, in the end, their commercial value.

It was hard to take them, hard to make them, and very hard indeed to share them. Then, Flickr, Photobucket, Tumblr (among countless others) and ultimately, that category killer of all category killers, Facebook, became the new platforms for worldwide photographic activity, meaning and value. And that rich, snug, primitive context that gave Kodak's snapshots their value has now lost significance and disappeared.

HARD WORK MAKES MAGIC …

Of course, the cameras built into mobile phones threw the iconic snapshot into the eye of the connectivity storm. Universal access and shareability, not just 'being digital', dilute to oblivion the traditional impact and power of the physical image.

When my photos, yours, Britney's, Robbie's and Justin's, are just confetti in the hurricane of billions upon billions of deeply personal, but somehow now entirely anonymous, meaningless snapshots, what happens to the brands, products and the services that supported them?

Segue to a different but quite closely linked subject. *The Artist* – the new black-and-white silent film that's made lots of audiences very happy in a way that films haven't for a while now – has been confusing certain executives in LA, who are used to spending upwards of $100m to launch CGI-driven blockbusters that often struggle to live in consumers' hearts for more than a couple of hours.

What, if anything, does the success and profile of *The Artist* mean? It strikes me that the point of this lovely film is to remind us that magic – and Hollywood was always about magic – only works hand in hand with severe restriction. An empowered, choice-spoilt audience, with all the magic they'll ever need in the palm of their hand, will paradoxically find magic almost nowhere. But put this audience in front of a black-and-white, silent film for 100 minutes on a cold, wet afternoon, and *The Artist* returns magic, along with romance, compassion, tragedy, comedy, pathos and cuteness, in spades.

It's truly startling to learn that in 1929, just as the talkies were ending the silent age, 95,000,000 Americans went to the movies every week. And this Golden Age of the screen was very much built on the profoundly humble, often mundane, rarely privileged, and perhaps above all, physically grounded lives of its audience.

... WHILE CONSUMER POWER DILUTES IT

Which moves us towards a conclusion, while linking us into the Kodak narrative.

Any nostalgia that I felt on seeing *The Artist* was, in the end, little to do with a hankering for the age of the silent movie, and all to do with a pang of the loss of a simpler age in the much more recent past.

One where our infinite connectedness, power to choose, limitless access to channels for self-expression, and our regal bestowing of attention on media objects on the merest whim (with disenfranchised consumer brands creeping around the edges of Facebook, Twitter and the rest) had not yet made us like cranky, jaded children after far too many sweets, allowed to stay up far too late for our own good.

If there is a substantial new lesson to be learned from Kodak's slow, painful demise, it's perhaps something to do with this. In the push to create daily experiences for our new king, the empowered connected consumer, that are effortless to access, share and discard, are brands falling into a new value trap?

Are we systematically removing the magic from what we do, by putting the creation and distribution firmly into the hands of consumers whose control over magic turns them all too quickly into hundreds of millions of Sorcerer's Apprentices. Spoiled, all-powerful. And strangely unhappy.

Does value today reside – hasn't it always in fact – far more in the magic of what we can't do, than in the now-mundane power of the almost endless list of the things we can?

That, if it exists at all, is what we might call Kodak Syndrome. I find it both fascinating and a bit of a worry. ■

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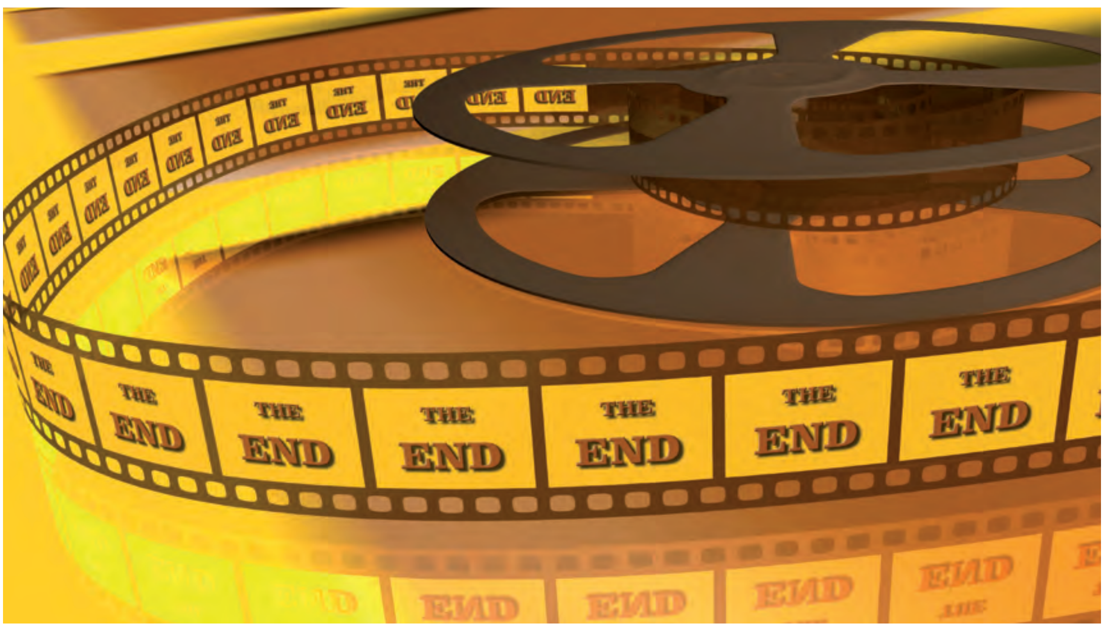

It was infinite copying and infinite sharing that did for Kodak

Marketing's role in sustainable living

In a resource-constrained world, growth needs to be not only economically sustainable, but environmentally and socially sustainable as well. Marketing leaders need to grow businesses for existing generations and for the generations to come. Global CMCO, **Keith Weed**, describes how Unilever is tackling this massive challenge

I **BELIEVE THAT** economic sustainability and social and environmental sustainability can be synergistic and not in conflict. To explain this, I'd like to answer three basic questions:

- First, why does growth need to be sustainable?
- Second, how do you grow and truly help people at the same time?
- Third, how do you make what we call Sustainable Living commonplace?

The questions are complex, and many believe a company should surely concentrate 110% on keeping its head above water in these turbulent economic times and focus on the day job of economic growth. However, there are other big drivers, which are every bit as important as the economic environment, that are shaping our world and we ignore them at our peril.

The first of these drivers is the shift of economic power to the east and south. The centre of gravity is moving from New York to New Delhi. This is driven both by economic and population growth. The second driver is the impact of digital technology. Not just digital marketing and advertising, but in the way it is changing consumer lifestyles and behaviour. The third driver is sustainability – and not only the environment – but sustainability in every sense of the word.

A STEP-CHANGE TO A NEW MODEL OF CONSUMPTION

This is not about green marketing. This is about a step-change to a new model of responsible consumption. So why do we need to create sustainable growth? The facts speak for themselves.

First, population: this is the main driver. On the 31 October 2011, the world's seven billionth baby was said to be born in the Philippines. By 2050, it's estimated that there will be 2.5 billion more people on earth than there are today. That's the equivalent of adding two more Chinas to the world's population or a new London every six weeks. Second, urbanisation. We are witnessing a tectonic shift in how the world lives; we're moving from the majority of our population living in rural dwellings to urban. And change is happening quickly. By 2015, half the population in developing and emerging markets will live in urban areas; 1.3bn people will live in urban slums. By 2035, slums will be mankind's primary habitat.

But while these consumers become ever-more demanding in seeking higher standards of living, the world's resources will become scarce. The WWF estimates that if all the world's population were to consume at the rate of the UK, we will require the resources of three planets. Unfortunately, we are already living on 1.3 planets, and we only have one.

So, how do we turn this challenge into an opportunity to create growth while, at the same time, truly helping people?

HOW UNILEVER IS LEADING: THREE BIG GOALS

I'll start with some examples I know well. Unilever has been around since the 1880s. We have every intention of being here for another 100 plus years, which means we need to look at our brands – existing and future – through the lens of sustainability. To align our efforts internally and externally we have gone public on a simple business ambition: to double the size of our business while reducing our environmental impact.

This will require a new and transformational business model, one that decouples growth and environmental impact, one that has sustainable growth at its core.

We've set ourselves three big goals to achieve by 2020:

- Help one billion people take action to improve their health and wellbeing.
- Source 100% of our agricultural raw materials sustainably.
- Halve the environmental footprint of our products.

Let's bring these to life with some real examples and illustrate why we see this as a source of growth and innovation central to our business model.

Goal one: by 2020 we're going to help one billion people take action to improve their health and wellbeing.

One of Unilever's oldest brands and the world's first disinfectant soap, Lifebuoy, played a significant role in improving hygiene in Victorian Britain. Today, Lifebuoy is mainly sold in Asia and parts of Africa and aims to help prevent the 3.5 million childhood deaths each year from diarrhoea and acute respiratory problems.

It's been estimated that if everyone washed their hands properly at key times during the day, up to half of all childhood deaths from diarrhoea – more than one million children – could be avoided.

To promote understanding of the importance of handwashing, Lifebuoy was one of the founders of the first ever Global Handwashing Day in 2008, with the United Nations and other partners. And we've set a global ambition for Lifebuoy to change the hygiene behaviour of a billion

people by 2015. There's a big business opportunity as well as health opportunity in doing this. While it's true that nearly all homes have soap, people do not use it at the right times of day to prevent disease, and consumption varies widely.

In Pakistan, for example, our campaign to encourage handwashing at key times has been particularly effective, driving an 8% increase in consumption as well as growing market share.

Pureit, one of our newest brands, is a radical departure for Unilever. It's a machine rather than a fast-moving consumable, bringing safe drinking water to people and places who need it most. It's also true to William Lever's original mission – to make hygiene commonplace.

Pureit is a different product with novel technology that has both consumer and environmental benefit. It provides water as 'safe as boiled' by removing harmful viruses, bacteria, parasites and pesticide impurities. Pureit can reduce the incidence of diarrhoea disease by up to 50%.

The fact that Pureit delivers all this without the need for electricity and running water makes it more environmentally friendly than the alternatives and is available at an affordable price. It has already helped give more than 20 million people across India access to safe drinking water. We have launched Pureit in Mexico, Brazil, Indonesia, Bangladesh and Sri Lanka in 2011.

In India (where Pureit was first launched), the purifier is available for just 848 rupees (€13) with an ongoing running cost of just one euro cent for more than two litres of safe drinking water. We will use this technology to reach 500 million people by 2020 and at the same time build a completely new market for Unilever.

Goal two: by 2020 we're going to source 100% of our agricultural raw materials sustainably.

Unilever is the largest tea company in the world. Consumers around the world increasingly want reassurance about the products they buy – where they come from, how they're made, what's in them.

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Great brands, and great companies, have always walked ahead of consumers. They anticipate what consumers will need, or might need, and shape markets accordingly

RECOGNITION IS IMPORTANT

We believe that sustainability is at the heart of growing our revenues, and innovating our brands. We also believe that global leadership in sustainable living is helping us get recognised, demonstrated by these awards:

- Business in the Community Company of the Year 2010;
- *Management Today* – Britain's Most Admired Companies 2010;
- Thirteenth year leading the Dow Jones Sustainability Index for Food companies;
- Won the grand prix at the International Green Awards. In this recent survey, we were proud to be recognised as leading the sustainable living agenda.

Source: Unilever.

We've found that when consumers learn that Lipton tea is certified by the Rainforest Alliance, they say 'the tea has been carefully selected, so it must be better quality and it must taste better'.

We source tea from many thousands of suppliers around the world: large tea estates, some of which we own; smallholder farmers; and third-party suppliers and processors. In 2007, we became the first major tea company to commit to sustainable sourcing of tea on a large scale. And all the tea in Lipton Yellow Label and PG Tips tea bags in Europe is already 100% sustainably sourced. Our efforts have been a catalyst to the industry, and other tea companies have followed our lead. The tea industry as a whole is now moving to sustainable farming practices.

And our ambitions are even bigger. We aim to source the tea in all Lipton tea bags from Rainforest Alliance Certified™ estates by 2015. Our programme covers more than 38,000 farmers so far and will include more than 13 countries including India, Brazil and Kenya. It's a win-win for farmers and for our business. The benefits for Lipton are clear: packs carrying the Rainforest Alliance seal are generating positive feedback from our consumers and improving brand health and sales.

Goal three: by 2020 we're going to halve the environmental footprint of our products.

Water scarcity is becoming an increasing problem across the globe. Some of the biggest markets for our laundry business, such as India, China and Turkey, are already becoming increasingly water stressed. One of the biggest uses of domestic water is laundry. Currently, people wash in one bucket of water and rinse with three – except the Chinese who rinse in five. But collecting water is a time-consuming and arduous activity, and increasingly people are having to pay for product.

With Comfort One Rinse fabric conditioner you need only one bucket for rinsing rather than three. It's much more convenient, saves time and sometimes saves money. It delivers consumers real benefits and is better for the planet.

Finally, our Trashion brand (Trash and Fashion) is a great example of encouraging entrepreneurs while providing a practical solution to plastic waste.

Trashion means that local women can turn plastic packaging waste into useful, attractive items with economic value such as bags, umbrellas, slippers. Training and financial support is provided and these women are encouraged to engage others in their neighbourhood to be involved in the Trashion production process from collection to manufacture.

Started in Jakarta with 10 entrepreneurs, now Trashion products are available in 73 Trashion centres with an average capacity of receiving up to one ton of waste per month – and producing 23,000 Trashion items. These products sell as fashion items in leading stores in Indonesia.

MAKING SUSTAINABLE LIVING COMMONPLACE

Here are thoughts that together will help make this happen.

Foresight not just insight. Great brands, and great companies, have always walked ahead of consumers. They have a point of view. They don't just respond to current needs – what consumers say they want now – they anticipate what consumers will need, or might need, and they shape markets accordingly. It's about imaging a different future and designing for it.

For example, just because a consumer can't articulate a need or a worry about sustainability issues doesn't mean that they aren't there; and just because consumers are unconcerned or unaware of these issues it doesn't mean there isn't a big opportunity.

New business models. Stainability needs to be embedded at the heart of strategy. To succeed here we need new business models. Sustainability needs to be integral to your strategy not an add-on. And for this, organisation must follow strategy.

For example, I am responsible not only for traditional CMCO responsibilities but also internal and external communications, external affairs, sustainability and the Unilever corporate brand. In a hyper-connected world it joins everything up – it also brings sustainability from a side to central function. I believe there is a much broader role that marketers can and should be making here. For example, I no longer have a CSR department. For me that suggests an additional side activity not a core business activity. Sustainability needs to be embedded.

We can't do it alone. Even the biggest of companies can't solve this alone, we need to get people around the table and working together and this requires organisation of all sizes to engage, big and small. It requires a partnership approach among communities of interest – governments, NGOs, suppliers, retailers and, most importantly, our billions of consumers – so we can learn from each other about how we can do things differently.

For example, through our involvement with the Consumer Goods Forum, a global coalition of over 650 manufacturers and retailers, service providers and stakeholders, we publicly committed to sourcing commodities sustainably and to eliminating deforestation from our supply chain.

Our combined revenues are over two trillion dollars, and alongside WWF and other NGOs our goal is to put an end to tropical deforestation by 2020.

Employee engagement. This is the key driver of business performance. Not surprisingly, the more engaged a workforce, the more it goes the extra mile. But you need to engage in something – a common purpose, an engaging goal.

Employees want to be part of a bigger purpose, I want to be part of a bigger purpose. Employees will not only make it happen but will become great advocates for it too. They ultimately will lead the agenda that will make Sustainable Living commonplace.

Our current experience also shows that our approach will help us win the war on talent. That's why it is important to be recognised for our progress in this area too – to build a reputation. A business model based on sustainability will drive our brands and innovation, give us real competitive advantage and make Unilever a great place to work, attracting great people from all walks of life.

Social media and the corporate brand. Social responsibility is very present in social media. In the digital age where openness and transparency are vital. There's nowhere to hide. Increasingly, we know that consumers want to know more about the brand behind the brands. That's why nurturing your corporate brand is so important and why so many companies are working in this area.

But you need to have something to stand for, something that is important for your whole company and your consumer base. I want the Unilever logo to become a quality mark of Sustainable Living.

Since I've become Unilever's CMCO, we've put the Unilever logo on 95% of our packs, 90% of our advertising, and awareness has increased in a number of our key markets. Remember it wasn't so long ago our company name on packs was Lever Brothers, Van-den-Bergh, Birds Eye Walls & Elida Fabergé. We also created a unified, global approach to our social media, with YouTube and Facebook sites having the same look and feel around the world.

> There is a much broader role that marketers should be making. For example, I no longer have a CSR department. It suggests an additional side activity not a core business activity

MARKETING SHOULD TAKE THE LEAD

We are in challenging and volatile times – but they are also times of powerful opportunities and the best time to lead for a better future. Marketers have a key role here – if we take the lead we can create sustainable growth. But it requires us to think and act more broadly and make the sustainable, responsible growth agenda mainstream. ■

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This an edited version of the keynote speech given at The Marketing Society Conference in November 2011.

Great brands and

Recent research impressively documents what we instinctively feel: brands that represent an ideal have more-committed employees and a markedly better financial outcome. **Nick Cooper** explains

HAVE YOU ever reflected on the fact that great businesses own great brands, and great brands belong to great businesses? It's no coincidence, and there are few exceptions. Perhaps one exception is the British car industry, which is littered with fabulous, sought-after brands. But in the past few years they have been brought into expertly run businesses, and the business results – with Land Rover making more profit proportionate to its size than any other car maker in the world – are clear to see.

Why do businesses own brands? When you boil everything down, brands exist for one reason and one reason only: to enhance the ability to make profit. Otherwise every business would be churning out commoditised products and services and everyone would be competing purely on price.

As it is self-evident that great businesses that own great brands compete on many levels other than price, it is clear that brands are performing a valuable role in delivering enhanced profitability. The trick is to understand how to build great brands that deliver worldclass levels of profit.

So, over the past three years, Millward Brown has been working with Jim Stengel (who made his name as the highly successful Global CMO of Procter & Gamble) to produce GROW, a definitive study of business growth that seeks to unearth the underlying factors that characterise the unparalleled growth of the world's 50 highest-growth brands. We call this the Stengel Study.

This growth was measured in two ways: firstly, we identified those brands that have created and grown the strongest brand equity; and secondly, we looked at those brands that have grown their financial value the fastest, relative to their respective categories. Both of these metrics were investigated over a 10-year

the role of ideals

time span to ensure that both economic boom and bust were taken into account.

The outstanding evidence behind this group of companies is demonstrated by the fact that their combined business value has outperformed the S&P 500 by almost 400%.

THE SECRET OF SUCCESS

The core discovery of this work was that the brands that made the Stengel 50 were all driven by a clearly identifiable brand ideal, that is: a business's essential reason for being, a shared goal of improving people's lives that defines the higher-order benefit it brings to the world.

The brand ideal of improving people's lives is the unifying idea that enables the Stengel 50 businesses to recruit, unite and inspire all those they touch, from employees to customers. It is the brand ideal that connects the core beliefs of the people inside a business with the fundamental values of the people the business serves.

It is the brand ideal that enables these businesses to excel in terms of growth and ultimately deliver superior profit. This principle extends across all boundaries – industry categories, B2B, fmcg, online, retail, services, geography, scale and age of business.

For example, if we take the most valuable brand in the world today according to Millward Brown Optimor's BrandZ top100 ranking, Apple, we can see that the success of the brand is intimately connected to the growth in business performance. More particularly, it is clear that the brand is not built on the need to manufacture the latest and trendiest consumer gadgets in a fiercely competitive market. Its brand ideal has a much higher purpose: it empowers people to express themselves. As a result, Apple has created new categories for self-expression, and these are markets that it largely dominates.

Similarly, IBM exists to help build a smarter planet, and everything it does is routed towards achieving this purpose. IBM invites consumers, thought leaders, and employees to rethink how we can make the planet smarter, whether it's by addressing traffic congestion or using energy more efficiently.

Or take Red Bull, where its brand ideal is to uplift mind and body, and in doing so energise the world. This brand ideal is felt throughout the organisation and is manifested in the company culture, its offices and vehicles, the company values and the behaviour it rewards as well as in all its marketing and consumer activation.

Above all, the Red Bull brand ideal is manifested in its people, where it has set unique hiring guidelines: instead of recruiting people with beverage industry experience, the focus is on athletes, DJs,

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The brand ideal connects the core beliefs of the people inside a business with the fundamental values of the people the business serves

and former Red Bull student ambassadors – people who believe in the ideal.

Brand ideals such as these are enabling organisations to grow and outperform their competitors. Companies that are devoted to a brand ideal establish a more important purpose which transcends purely product or service function considerations. It provides an overarching purpose for everything it does.

PHILOSOPHICAL APPROACH

Millward Brown's research shows that brands that adjust their thinking as to 'why' they are in business rather than 'what' they are in business for, experience higher financial growth and increased equity value. In other words, rather than businesses asking 'what product or service do we need to create or maintain to ensure customer loyalty?' questions such as 'why does our brand exist and what impact are we seeking to make in the world?' and 'what is our inspirational reason for being?' are perhaps far more relevant.

Having a clear and compelling brand ideal that speaks to universal human hopes and values allows an organisation to communicate its beliefs and messages both internally to employees and externally to customers and consumers. This shapes the perception and desire to work for such companies, driving productivity, ideas, enthusiasm and ultimately profit.

Perhaps even more intriguingly, not only was the concept of a brand ideal common to all in the Stengel 50, but these ideals all fell into one of five areas. These are: eliciting joy; enabling connection; inspiring exploration; evoking pride; and impacting society.

Significantly, the relationship between the brands and the fields is not constrained by industry category, geography, age or size. For example, Jack Daniel's is rooted in 'evoking pride' while Johnnie Walker is about 'inspiring exploration' – same category, same adherence to an ideal, but very different heritages and perspectives on the world.

What our research shows is, for many, a validation of common sense but the solid evidence is reassuring. And there are other advantages: positioning a brand towards a higher purpose opens up opportunities to plan in a more expansive field create new product and service offers, and move up the value chain and justify a more premium price.

That may be true. However, I would emphasise that the study looks at not just high-performing brands but at the highest-growth brands in terms of equity and financial performance.

Within the Stengel 50 there are three examples that stand out because they represent the transformative power of a brand ideal. Wonderful though it is to start from a brand ideal and pull it off from day one – and there are plenty of examples from Apple to Zappos – it is even more impressive to change the direction of an established brand and take it to another level of success. Moreover, some of these examples come from categories that are really quite mundane; there is no innate category 'sex appeal' that means the task of creating a brand ideal is in some way easy.

TRANSFORMING BRAND IDEALS

The first example of a brand that used its brand ideal to transform the brand and the business is Pampers. What could be more prosaic than nappies? The fact is that Pampers, while already being a highly successful brand, shifted its focus from trying to sell the best paper technology and the most disposable nappies to helping mothers care for their babies' and toddlers' happy, healthy development.

In so doing – by looking beyond product performance and a transactional relationship with the consumer – Pampers opened up a series of almost limitless possibilities to strengthen the bond between the brand and consumers and, at the same time, almost endless possibilities for growth and profit.

Secondly, Dove. Again, personal care is not the highest interest category ever invented, and Dove had already made a considerable impact on its market through positioning itself on the basis of gentle but effective care for your skin. But, as with Pampers, Dove moved forward to create a new brand ideal, which is 'to celebrate every woman's unique beauty'. By using this ideal, the brand has succeeded in going beyond individual consumers to help bring about an evolution in how society as a whole thinks about beauty.

Thirdly, Emirates. I think air travel still has sex appeal, but Emirates has emerged from a very crowded market to evolve from being a good regional player into one of the pre-eminent global carriers in terms of product and customer service offer, value, destinations and comfort.

Given its location, and the ever-increasing range of modern jets, there was every reason to suppose that the Gulf would be permanently by-passed on routes between America, Europe and Asia. But the vision of Emirates saw past these challenges and its brand ideal of 'connecting people with the world through a new lens of perception' has helped create a truly exceptional business.

WHAT DOES THIS MEAN FOR YOU?

The highest-growth brands have always used their ideals. Some brands were organised around an ideal from their inception, while others chose to consciously and deliberately reorientate their businesses around a higher purpose. We believe that all brands and businesses, whether they are presently driven by the loftiest ideals or the most mundane purposes, can learn from studying brands like those in the Stengel 50.

Consider the following questions: Why are you in business? Does your company operate around a brand ideal? If not, did it ever? Your company may have been founded on an ideal that will still be relevant once it's unearthed. Consider your company's heritage. What did your founders believe in? Why did they get into business? What need did they set out to address?

Is your purpose clear? Whether or not your company offers a higher-order benefit to the world, everyone in your organisation should have a clear understanding of your brand's purpose. What functional and emotional benefits do you convey to your users? Why does your brand exist in a category where customers and consumers have other options?

Is your organisation aligned around your ideal? Take a look at your organisation's structure. Does it facilitate the expression of your brand ideal? Do employees in all functions understand it? And what help do they receive in order to live it? Is the achievement of short-term goals balanced against the long-term fulfilment of the ideal?

THE STENGEL 50

Accenture	FedEx	Louis Vuitton	Sensodyne
Airtel	Google	MasterCard	Seventh Generation
Amazon.com	Heineken	Mercedes-Benz	Snow Beer
Apple	Hennessy	Method	Starbucks
Aquarel	Hermes	Moet & Chandon	Stonyfield Farm
BlackBerry	HP	Natura	Tsingtao
Calvin Klein	Hugo Boss	Pampers	Vente-Privee
Chipotle	IBM	Petrobras	Visa
Coca-Cola	Innocent	Rakuten Ichiba	Wegmans
Diesel	Jack Daniel's	Red Bull	Zappos
Discovery	Johnnie Walker	Royal Canin	Zara
Dove	Lindt	Samsung	
Emirates	L'Occitane	Sedmoy Kontinent	

BRAND IDEALS DRIVE BUSINESS PERFORMANCE

The results of our work always come back to the same key findings: that brand ideals drive the performance of the highest-growth businesses; and these are rooted in one of five fields that address fundamental human values.

Millward Brown's research provides solid evidence of what many of us intuitively understand – that a brand ideal, aiming high, is an essential element in focusing and harnessing the efforts of an organisation to achieve world-beating outcomes. It is what helps set apart a great business from a good business.

Above all, our work highlights many learnings around that most elusive of goals – growth. And the most attractive facet is that it can apply to any business, irrespective of longevity, category, geography or size.

In an era where growth is hard to come by, particularly in more mature economies, shining a light on one of the critical drivers of growth is something that can only be of help to brand owners everywhere. ■

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'Grow: How Ideals Power Growth and Profit at the World's Greatest Companies', Jim Stengel, Crown Business, 2012.

Entertainment brands as partners

With the digital revolution, sponsors are increasingly able to tie-in with entertainment brands across different media delivering more value to brand owners. It promises to help sponsors achieve both brand and sales effects. **Julian Saunders** and **Jon Reay** explain

ABOUT 10 years ago doomsayers started to predict the demise of the TV ad – a combination of the internet then the broadband-internet then PVRs and later 'video on demand' would mean audience fragmentation, ad skipping and time shifting. And that is a killer combination. Or so the doomsayers said.

Now it hasn't quite worked out like that. Much of the initial research with early adopters was not a good predictor of future mass behaviour. The TV channels also got their act together through thinkbox, and staged a good comeback by making the effectiveness case for TV advertising. Yet most of the trend presentations that marketing people were seeing through most of the last decade told them that they needed to prepare for the demise of their favourite and most expensive marketing tool – the TV commercial – and, at the very least, test alternative approaches. It was an important stimulus to innovation. As Doctor Johnston once said: 'The prospect of being hanged concentrates the mind wonderfully.'

OUT OF THE BREAK, INTO THE PROGRAMMING

No wonder that advertisers started to say we need to get out of the ad break and into the entertainment – that's the stuff that engrosses people, the bit that they won't skip.

Some responses to this were refreshments of very old ideas – product placement in programmes and TV programme sponsorship. If people were skipping the ad break they would still see the idents at the beginning and the end of the break. This led to an upsurge of creativity in pieces of communication that last just a few seconds. Others were more entrepreneurial and funded the creation of original programming. Advertising groups set up specialist units.

There were some successes but these units are still peripheral – not garnering big revenues nor are they the bread-and-butter of media agencies or advertising groups.

There are obvious barriers to success, the most significant of which is that the people who make programming are a different tribe from the people who plan media or make ads. Admen read *Campaign*, programming types read *Broadcast*. They have different networks and different clubs. For one of the big advertising groups to get serious they would have to invest heavily in a production house, like a Freemantle for example.

Advertising people got excited by the idea of breaking into programme and film making but not many brand managers had the stomach for the risks associated with it.

Then digital technology – a 'surprise generating machine' as Professor John Naughton calls it – threw in a few curved balls that got us thinking again.

THE DREAM OF THE VIRAL

About five years ago we started watching video on the web big time – the web traffic stats tell their own story. Youtube pioneered among the young and the BBC iPlayer spread the idea to middle-Englanders. Increased broadband penetration supported this trend and other media brands introduced video and audio onto their websites. Most of us, to varying degrees, got into watching videos on the web.

This was great news for ad agencies; they are past masters of telling compelling little stories in short formats, which is the bread and butter of YouTube. Agencies pitched edgy ideas in the hopes of being able to deliver huge audiences cheaply, bringing

the brand and agency fame and fortune.

A formula seemed to emerge. These little stories had to offer something awesome or humorous or a good slab of *schadenfreude*. But there is a fundamental problem. If you are a conservative marketing organisation these are choppy waters and if you need a proper 12-month promotional plan then commissioning a viral is a bit like buying a lottery ticket. It might come up but don't see this as your retirement plan.

SOCIAL MEDIA GOT BIG, VERY QUICKLY WITH NEW RULES

Then another curved ball from the surprise generating machine; social media, got big. In fact it got big only about two years ago but internet years are like dog years and most folk in digital agencies can't remember a time when Facebook was not enabling revolutions in the Middle East and eating up all the customer data that had previously belonged to Tesco and Google.

People could connect with their networks and create new networks as never before. What did they talk about? Some brands did well, especially the ones that were famous in the first place like Apple or M&S or Starbucks. But that was to miss the fundamental point. People talked about the things that interested them. They talk about each other and in particular the things that they find entertaining – football, films, music, high profile individuals, celebrity gossip, books, what's in the newspapers and on the box.

To do well in social media you had to be interesting and/or entertaining. It created extra careers for celebrity tweeters such as Stephen Fry and Rio Ferdinand, and others came from nowhere by having Youtube hits, like Justin Beiber. Some traditional techniques got a shot in the arm. Make a really entertaining TV ad or tell a story with verve and imagination and it will get shared and commented on. John Lewis has created this expectation. And it was Steve Jobs' stock in trade.

> The message seemed to be clear for brands. Create something that is irresistible and entertaining and above all worth sharing on Facebook and YouTube

The message seemed to be clear for brands. You needed to think like a challenger. Don't see yourself as 'an advertiser', create talking points and publicity. Create something that is irresistible and entertaining and above all worth sharing on Facebook and Youtube.

THE LIFE OF AN ENTERTAINER IS DIFFICULT

But here is the big problem: it's not easy and certainly not easy to do all the time. Very few business leaders have the flair for publicity that Steve Jobs had and very few short pieces of film that are designed to go viral do so.

But there are some brands that create something that is irresistible and entertaining and above all worth sharing on Facebook and Youtube. These are the natural partners for brands seeking to create something compelling and shareable. Those partners are what we might broadly call entertainment brands.

PARTNERSHIP WITH THE BUSINESS OF ENTERTAINMENT

People in the business of entertainment know how to keep it fresh and vibrant. By this we mean brands such as sports clubs >

OPPORTUNITIES TO TIE-IN

The online sharing of video and mobiles in particular opens up more and more opportunities for offers and direct response. When this is done with 'chutzpah' it can feel more like fun than promotional marketing.

● Betfair and Bromley FC took an innovative approach to barcodes. Bromley FC players sported haircuts with QR codes, which TV watchers could scan during the game. They were taken directly to Betfair's mobile site where they could bet on the game.

● Tampa Bay used a competition tie-in to drive fans to a sponsor's outlet. In the US, Tampa Bay fans can follow the team's official Twitter handle (@TBLightning) to receive messages when free tickets are placed at secret locations in the Tampa Bay area. The fan who won tickets for the team's Opening Night game found them at a McDonald's location on West Kennedy Blvd, thus driving traffic and publicity to corporate partners' retail locations.

● BMW promoted its status as an official sponsor of 2012 by staging a stunt designed to be shared online. England's long-jump champion jumped three minis – a distance of six metres – creating an appreciation of just how far athletes have to jump and creating an associaiton with the brand.

(football, cricket, rugby), film franchises, rock bands, singers, TV channels and franchises, and institutions like the Royal Opera House or the National Theatre.

Most other types of brands are not set up to deliver entertainment and can do so only fitfully; the brilliant much-shared TV ad comes along once in a blue moon and no sensible agency would guarantee to be able to create a successful viral every time. Knowing what your customers do find entertaining, rather than taking a punt, drives the growth in sponsorship. Traditionally football clubs have eaten most of the pies in terms of revenue, now we are seeing growth in other categories.

ENTERTAINMENT BRANDS AND THE DIGITAL REVOLUTION

Digital is also transforming the entertainment experience and therefore making sponsorships more commercially valuable and more able to deliver value to sponsors in a number of ways.

The modern entertainment brand has been equipped with new media – not just in the live event itself which has nonetheless been greatly enhanced with live screens but other digital media that can be used to heighten the whole experience from the moment you buy the ticket, to during the event itself and afterwards.

In a nutshell there are now many more opportunities for communication both from entertainment brands to customers and via sharing between customers through their personal networks. Entertainment brands can create new channels that add a whole new dimension to the entertainment.

Take Matchday Centre created by Manchester City FC (see right). People who go to the ground on a match day may follow the match on it. Fans can watch it on their mobiles and laptops. It offers an addictive mix of live commentary and stats on the course of the match. Wherever you are you can tune in and satisfy your craving for data analysis. Clubs are rich in data and can engross fans if they share it with fascinating graphics as MCFC do.

FUELLING FAN INVOLVEMENT

The fans themselves have their own media – fan pages and fanzines. Fans have their own 'second screens' as a result of the mass adoption of smartphones. Entertainment brands, of course, can't control their fan but the clubs like Manchester City are becoming adept at fuelling the banter between fans.

Victoria Stansfield, digital delivery manager at MCFC, says: 'It is not difficult or expensive to put a gallery together of players training on your site, retweet a fan picture from an away match or get them to pick the pre-match music to play in the stadium on match day.' Where Manchester City FC lead others can follow. It might mean sharing a video that gives you a privileged peek behind the scenes at the club or a piece of video showing the amazing skills of its players. All you need is insight into what excites fans.

Mobiles, location-based apps and social media are creating the chance for companies to use proven marketing techniques – such as competitions and offers – delivered in more innovative ways. This ties sponsor and entertainment brands together for mutual benefit. (See box, left.)

INCREASING PROFESSIONALISM

A great deal more is now possible from a partnership with an entertainment brand, not least because these brands have been busy hiring marketers and experts in handling their digital platforms. This is evident with big football clubs but the trend can be seen elsewhere.

Managers of rock bands have traditionally not been the kinds of people who would understand the needs of a brand manager. Some – whisper it – have been cowboys, who see big brands as cash machines to be milked. That is changing. Managers now talk the language of brands and see their acts as brands and are looking for a match between the bands' values and those of a sponsoring brand.

A business group has formed (Brands and Bands) that brings together all the different parties to share success stories and best practice. Brand owners and band managers are getting more knowledgeable about how to set up things in the right way and manage relationships.

The key message? Set up a proper partnership and allow plenty of time to do so: share objectives and work out how the brand and the band can use their assets for mutual benefit – such as sales channels, on-pack on the brand side and exclusive access, offers on the band side.

Correspondingly some brand owners, such as Diageo, have become expert at harnessing music to their brands. Their solution is not to tie themselves to any one act but to create a bigger platform that many acts can participate in. This increases brand attribution and decreases the risk of backing an act that turns out to be a letdown.

DATABASE MARKETING AND SEGMENTING THE FAN BASE

One sure sign of increased professionalism is better database marketing and segmentation. This is the engine that enables targeted communication before and after an event and thus both extends and makes the entertainment experience more personal. Segmentation can bring the value of a sponsorship more directly into the hands of different types of customers.

Not all fans are the same. Some are armchair fans, others are new fans or junior fans and others are fanatics who just can't get enough. This translates into different types of value for different types of customers. Or more relevance. It helps marketers who have been fretting about losing control of their customers' data for awhile – first Clubcard was the villain then Google and now Facebook.

But Facebook is considerably more open with its data than the first two and smart marketers can use Facebook to build their own database. Partnerships with entertainment brands mean giving customers many more reasons to use your mobile apps, visit your website and give permission to use their data. Offer customers something that is entertaining and or valuable and they will be much more likely to give you permission to use their data.

THE BUSINESS VALUE TO BRANDS

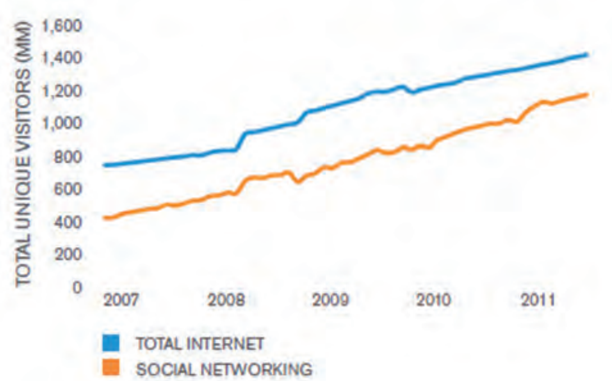
One of the challenges of sponsorship has been in evaluation. Brands are looking to get credit with customers for their sponsorship investment, and ideally to link that credit to other metrics such as predisposition to purchase and recommendation.

This is not straightforward especially where there are multiple sponsors involved. When there are only two brands, that is still one more than you find in most TV ads. Also setting up and nurturing a sponsorship is always going to be more time consuming than going your own way and commissioning a 30-second spot.

Manchester City Football Club's popular new media asset – Matchday Centre – is targeted at the committed fan. How long will it be before it has a dedicated sponsor?

THE RISE OF THE GLOBAL SOCIAL NETWORKING AUDIENCE

Source: comScore Media Metrix, Worldwide, March 2007 – October 2011



However, the digital revolution is making sponsorship more powerful and turning it into something that is more accurately described as business partnership. One way to think about this is in terms of closeness. In the past you might go to a match and see your logo on the shirt of a player or on a perimeter board. Your brands might be 20 or 30 metres away. But now your brand might also be in the pockets of people via their mobiles. It might also make relevant and targeted communications over a period of months driven by a database.

Imagine you are a customer of 02. You vaguely know about The O2 (formerly 'The Dome') but have never been to an event there. Then most weeks you get a text offering the opportunity of early access to tickets. You may rarely take these up but instead share them with a friend – by simply forwarding the text – who says 'please buy me a ticket'. So this is a sponsorship that leads to both a direct appreciation of value, sharing with personal networks and even e-commerce. Brand attribution is made less of a lottery through frequent and relevant communication.

Then your 02 contract comes up for renewal. You think about going elsewhere for a cheaper tariff but decide not to: the exciting possibility of seeing Beyonce live at the O2 is just too good to pass up. ■

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Many businesses are looking outside their own industries for marketing talent. This is an excellent opportunity for marketers to swap sectors and broaden their careers. But it is not easy. This extract from a report by **Grant Duncan** and **Jonathan Harper** looks at the challenges facing the transitioning marketer

Moving to

EARLY IN 2011, together with colleagues from the global Spencer Stuart Marketing Officer Practice, we interviewed 39 CMOs and a few senior hiring managers from around the world to hear their first-hand experience of making the transition to a new sector. We found that CMOs have multiple reasons for changing sectors, including the desire for personal development, the opportunity to take up a new challenge, and the drive to make a difference. CMOs who have been through the experience report that their understanding of the marketing function and what it is capable of has been amplified by working in a new sector.

Marketers who are best equipped and qualified to cross into a new industry are those who make a deliberate effort to move out of their comfort zone, stretch themselves and take the occasional risk, perhaps through an international assignment, participating in M&A activity or working on a cross-functional team. Such activities teach an individual how to learn, adapt and influence in different environments – key determinants of success for any transitioning marketer.

However, even with much thought and preparation for a move into a new sector (and the full report describes these in some detail), there are many unanticipated problems and situations. This article explores a number of these, with particular emphasis on the way companies that choose to hire outside their own sector are not always prepared for the newcomer.

TWO TYPES OF OBSTACLES

The difficulties faced by CMOs who transition across sectors fall into two main categories: relationships (winning over doubting colleagues and securing the alignment of the organisation); and industry knowledge (understanding the nature of the industry, business models and culture).

Most of the obstacles that CMOs encounter are internal. CMOs are often surprised to discover a radically different perception of marketing from what they are used to. Establishing credibility and building influence are important in any new job, but CMOs moving to a new sector are more likely to be faced with prejudice and scepticism than in many other fields. The fact that they have been recruited from outside the industry sends a signal to those inside the organisation that change is afoot, so some degree of defensiveness is to be expected.

The following quote is typical: 'The biggest obstacle is your peers within the new business accepting you and the knowledge that you bring,' said one CMO after entering a sector that rarely hires from outside. 'People in this industry think marketing is just getting your coloured pencils out – it takes time to convince them that it is a real discipline rather than just a hobby.'

Another CMO had to work hard to convince the engineers in her company that marketing was a serious function – a real business driver – and that it deserved to have a seat at the table. Previously it had been no more than a support function.

Gaining the trust of peers early on is clearly vital. In companies that don't place a high value on marketing, it can be rather an abstract term. The only answer is to deliver results and show colleagues that they have a partner who can be relied upon. ' "Trust me" did not work. "Prove it" worked,' says Mary Miller, CMO of PetSmart.

Thomas Lukowsky, director, market management at Allianz Deutschland, moved into the insurance business having worked in a number of different sectors with P&G, McKinsey, Vodafone and Telefónica. 'The internet access, digital platforms and insurance businesses all dealt in abstract products.

'These involve long-term, contractually based customer relationships, something that people who come from fmcg often have difficulty mastering. At McKinsey I had learned to understand new business

a new sector

models which proved invaluable.'

Monika Schulze left her brand-development role at Unilever to become CMO of Zurich Gruppe Deutschland, part of Zurich Financial Services Group. The challenge she got from the CEO (also her mentor) was to develop a customer-centric angle to the business, while building credibility and learning the business.

Thorough analysis of the market, market research and identifying customer insights were the tools on which she based her success. 'In this industry it is important to acknowledge that the end customer and our agents and brokers all play an important role. Having a thorough understanding of the needs of our sales people helped me to build a network quickly and be accepted by the business.'

GETTING THE BASICS RIGHT

While it is essential for a new CMO to have the unambiguous support of the CEO, this alone will not suffice. The CMO needs to be as collaborative as possible and establish early on whether or not there is widespread internal enthusiasm for any change the CEO is seeking. If not, the CMO must avoid getting isolated, but instead be able to rely on the CEO to align expectations among senior colleagues, define what success should look like, and be clear about where marketing is going to add value.

The early stages of a transition can be tense. One CMO who moved from fmcg into the telecoms sector described the first few months as follows: 'You are the alien; you have got everybody looking at you. They don't know what branding is, they don't know what you are talking about a lot of the time. It's even harder if you are walking around with handcuffs because you don't have the right team around you.'

In addition to building relationships with peers and assembling the right

> Most of the obstacles that CMOs encounter are internal. CMOs are often surprised to discover a radically different perception of marketing from what they are used to

>

In addition to building relationships with peers and assembling the right team, CMOs must be smart about accumulating industry knowledge

SUCCESSFUL INDUCTIONS

'When I was there, Nike had something called apparel school or footwear school, depending on which part of the business you go into. For 10 full days you follow an SKU from inception through to sale. You get a thorough understanding of the complete supply chain including every stage of product creation. It is particularly targeted at people who have come from other industries.'
Rosanna Iacono-Gagliardi, Chief Brand Officer, Jurlique International Pty Ltd

'The key success factor was allowing me time to understand the product, industry and organisation. They gave me time to integrate, understand and form my opinion before expecting me to make recommendations and start taking action. I was able to meet colleagues in Europe and get easy access to anyone I asked for.'
Charlotte Johs, Vice-President Marketing EMEA, Logitech International S.A.

IN THEIR OWN WORDS: 1

WHAT CMOs HAVE LEARNED FROM MOVING ACROSS SECTORS

- 'Even with alignment, unexpected management changes can occur, in which case you have to be prepared to start evangelising all over again.'
- 'My transition confirmed my fundamental belief that marketing skills are easily transferable from one sector to another. The real difficulty lies in cultural differences and preferred managerial styles, not in applying what I had learned in fmcg.'
- 'Marketing works best in partnership with other key stakeholders rather than an isolated unit that comes out with its magic potion. You have to earn the respect of the various functional heads and prove that you understand what they're about.'
- 'When you focus on the consumer, egos fade away. It's no longer about your point of view or my point of view; it all comes down to what the consumer thinks and that's the great shift for some businesses.'
- 'When I was building up my team I took a lot of people from other parts of the bank. I have hardly recruited externally at all. So nobody can say that marketing does not know how things work because I have people who have come from the field.'
- 'Moving to a company in transition I am not the only one doing different things. People are open to change because they see change happening everywhere, and this helps them to accept new teams, new ways of working.'
- 'I learned to talk to the CEO and the finance community in their terms, using their terminology – that was very important. You need to know who everybody is and what their goals are and then talk to them in their language.'

team, CMOs must be smart about accumulating industry knowledge. The terminology is often baffling and the business model foreign.

John Batistich moved from Wrigley to Westfield Group, an international property group based in Australia. He said: 'I had to be very cautious. All I did for four weeks was have meetings with as many people as I could muster and ask them four simple questions: What's working? What's not working yet? What's missing? What's possible? I recorded everything because I knew my insights were going to be most accurate early on.' Very few obstacles are insurmountable, however. CMOs that approach the task thoughtfully and with respect for those around them will enjoy getting up to speed and gaining credibility in a completely new environment even faster. 'Changing industries is not for the faint of heart,' says Jody Bilney of OSI Restaurant Partners.

'The language is different, the centre of gravity is different, but you come in with a transferable base of skills. You have to be OK with being dumb again. It is always exciting.'

LITTLE PREPARATION FROM THE COMPANY TAKING ON NEW CMO

As part of Spencer Stuart's ongoing support for the CMOs we place into new roles, we emphasise the importance of a thorough and tailored induction process. However, it is generally our experience that the induction of CMOs who transition into a new industry is at best inadequate, at worst non-existent.

With a few honourable exceptions, companies seem to give far too little thought to taking on senior-level marketing recruits, and few if any special arrangements are made for those coming in from outside the sector.

The situation is baffling. As one CMO remarked, 'no businesses hires for failure or the status quo'. So why would a company that goes to the trouble of searching far and wide to find the right CMO who can bring fresh energy and vision to its marketing function not put every effort into providing a thorough and detailed induction?

The only plausible explanation, apart from simple neglect, is that companies either genuinely do not know what to do with the outsider, or they take the view that new hires at the C-suite level should be left to sink or swim. The latter is particularly dangerous and counter-productive.

'Inductions have always been extremely disappointing experiences,' said one CMO. 'My view of the best induction is "let them drown". No company I've ever worked at has truly got the induction process right.'

We heard a number of horror stories of CMOs being made to feel unwelcome, not being introduced at meetings, or being asked to make decisions without any briefing or context. 'I just had to work it out for myself,' said one. 'There was no programme as such, just the CEO's personal patronage.' Another told us that 'in retrospect, I would have been successful quicker had I structured my own induction'.

Yet another is convinced that his employer saw the lack of an induction programme as some kind of test: 'They only wanted people who were highly adaptive and able to float around within the company's culture, so they absolutely would not help me prove I was that person.' To underline the point, fully 70% of CMOs were disappointed by their induction experience.

IN THEIR OWN WORDS: 2

WHAT CMOS SAY THEY WOULD DO DIFFERENTLY

- Conduct more due diligence on my new company and future colleagues.
- Talk extensively to a board member for a different source of information.
- Find out what was in the CEO's mind. I didn't ask enough questions about why they wanted to hire me.
- Involve my staff more in establishing the marketing culture and vision; to achieve your goals you always have to work through others.
- Put more emphasis on the human factor, and reach out to the top 100 people.
- Be quicker at assessing marketing talent at every level.
- Build relationships outside my business unit.
- Use at least 20% of my energy formally inducting myself.
- Be more relaxed and adjust expectations. I wanted to do things too quickly initially.
- Work hard at keeping up contacts with former colleagues I had been close to. I probably jettisoned those people too quickly.
- Broaden my contacts throughout my career and gain a better understanding of sales.

Fiona McAnena, global brand director of Bupa, believes that individuals need to take responsibility for their inductions. 'People inside any organisation can be myopic; they don't know what's business-specific to them, they don't know what's category- or industry-specific.

As a result, it's genuinely difficult for them to give you the sort of induction you need. So it's up to you to have the confidence to say, "I need a really thorough briefing in the basics, for example how do we make money in this business?" '

Sholto Douglas-Home, group marketing director of Hays, believes that CMOs need to use their ingenuity and be proactive about making the induction process work for them. 'I'm sure some companies do it really well, but I don't think anyone lays it on a plate for you – ultimately, you've got to learn the business yourself; you've got to put yourself around.' ■

Grant Duncan leads Spencer Stuart's European Marketing Officer Practice. Jonathan Harper leads the firm's European Consumer Goods & Services Practice.

This article is an extract from the Spencer Stuart report 'Changing Places: The challenges and benefits for CMOs of making a sector transition', July 2011. The full report is available online at www.spencerstuart.com/research/articles/1519

What's different about B2B marketing?

When marketers who are experienced in the fmcg sector change to the world of B2B, many find it unnervingly different and difficult. **Laurie Young** describes how to get to grips with marketing to other businesses

THERE IS no doubt that, in the past, the public discussion of marketing has been overly biased toward consumer marketing. Advertising and branding debates have focused on the likes of Unilever and P&G, while marketing academics have been obsessed with the consumer goods industries.

Until very recently, the text books of leading academics and the courses of most universities covered, almost exclusively, consumer marketing practices. There was a complete sub-discipline devoted to 'consumer behaviour' whereas 'industrial buying behaviour' was paid scant regard.

In fact, business-to-business (B2B) marketing was seen as a specialist, unfamiliar and strange backwater that did not understand branding or segmentation and had small budgets reserved for dull activities. This is surprising because business leaders have been investing in remarkable B2B 'revenue-generating' activities for at least 300 years; they just haven't always been recognised as 'marketing'.

B2B IS A HUGE SECTOR

A vast number of businesses exist to market products and services to other businesses. In fact, professional associations in many Western countries, like Britain's Chartered Institute of Marketing, say that there are actually more marketers working in business marketing than in the consumer equivalent. For instance, one study found that there were 176,000 marketers directing spend of £9.8 billion on B2B marketing communication in the UK alone.

At a global level, one of the world's most valuable brands (second to Coke Cola in 2010 according to Interbrand) is a highly respected business marketing group: IBM. It and Accenture spend vast sums on above-the-line advertising and digital campaigns. Their peers spend sums that rival the marketing budgets of consumer goods companies on activities which they consider to be marketing programmes.

These can be missed by some suppliers, though, because the terminology might be unfamiliar to consumer marketers: 'thought leadership', 'customer hospitality', 'key account marketing', 'solutions', 'trusted adviser', 'business development', 'value proposition development', 'collateral' and many more. Moreover, the best tend to concentrate on the mystique of a few unique, elite media (like the *FT*, *The Wall Street Journal*, the annual meeting of the world Economic forum at Davos, the *McKinsey Quarterly* and the *Harvard Business Review*).

There are, of course, similarities between consumer and business marketing. Marketing planning, segmentation, NPD/NSD and communications techniques like advertising, social media or other aspects of digital marketing are all, for instance, routinely used.

There are also overlaps between the two. Large organisations consistently forget that a business buyer's personal experiences create prejudices in their professional life. A telecommunications or computer company that provides awful service to leading individuals can find itself inexplicably shut out of large business opportunities.

As a result, a number of experienced business marketers create specific programmes for VIP domestic users; even if they are subtly and discreetly executed. Sometimes, even the customer does not know they are the subject of such a programme. B2B marketing is as much about people and understanding the desires of human beings as consumer markets, even though organisations are involved .

There is a great deal of crossover between the consumer and business sectors, but marketers need to be careful when changing direction

There are, though, a number of important differences from consumer marketing which need to be understood and tackled.

KEY DIFFERENCES

Marketers, particularly agencies wanting to service B2B clients, must start by recognising the differences between business and consumer marketing. Potential suppliers are unlikely to get a hearing unless they demonstrate that they understand these differences and are skilled in them. They include:

- **Market size.** Business markets are often smaller than consumer markets. In some, for instance, client-side marketers can name nearly all their buyers. Even in worldwide markets the volume of buyers can be quite small. In fact, in some sectors this can lead to 'conflict issues'. Suppliers (like legal, consulting and accountancy practices) retained by one major organisation are unable to work for others who directly compete against them.

This phenomenon alone forces B2B suppliers to prioritise 'targets' and makes meaningless the mindless drive for market share prevalent in other markets. A number will have a strict 'target list' and will refuse some opportunities. So, B2B marketing has to be precise and, often, focused on a very small audience.

- **The frequency of purchase.** In many business markets, it can be several years before business customers will buy a replacement or second product. This means that suppliers have to find ways to remain in contact between purchases. Many create highly targeted relationship programmes and, for some, this is the prime focus of their aftercare or service resources. They often set up elaborate, heavily funded research programmes to track attitudes in anticipation of future sales.
- **Intimacy of customers in professional networks.** As business markets are small, they tend to comprise numerous inter-related networks of professional relationships. Opportunity can be increased by deepening these relationships; by increasing trust and developing links between two organisations. So, relationships with business executives can be the prime focus of B2B marketers. In fact, many say that 'it's all about relationships'.

As a result, business marketing has to encompass highly effective relationship marketing techniques with unique concepts, models and processes. There is evidence that business leaders in this field have been using relationship marketing backed by sophisticated viral techniques for many decades; without actually calling it that or, in some cases, without having any recognisable marketing department

- **A more formal buying group.** Business buying tends to involve a formal group and clear, detailed assessment processes. In some instances, a formal buying process is even required by law or regulation. It is not unusual for there to be an RFP (request for proposal), followed by a pitch and selection process involving qualified buying specialists.

Yet this buying process is as different as the different organisational structures and cultures of each business; and can be influenced by skilled marketing. Some businesses use large, process-based bid techniques while others in exactly the same sector might turn on the whim >

of a forceful leader. Sales people need the help of marketing communications activities that allow for this variety and warm up different buyers to the point of sale. Business communications must be tightly integrated into the potential buying process to enable sales teams to function effectively.

● **Account management.** Business suppliers tend to attract a number of repeat buyers who dominate the operations of the business and demand special attention. As a result, in many business markets the prime interface between a supplier and their customer is an 'account manager'. This person's role, qualifications and status varies by industry but it must be the focus of business marketers.

In fact, as some customers have bigger global revenues than the GDP of some nation states, a number have completely changed their approach to account management since the turn of the century. Many treat their lead accounts as carefully as one of their regional businesses or geographic markets. There may now be a general manger or senior director dedicated to that customer who is supported by a wide range of resources. Some call this 'account-based marketing" and it is radically altering B2B marketing across the world.

> Agencies might have to invest in research or idea development in order to win campaign commissions that then lead to further work, once trust and confidence has grown

● **The involvement and influence of professional buyers.** Public sector purchasing is dominated by the buying discipline but its expertise is spreading to other sectors which were previously immune to it. From IT to professional services, purchasing managers are becoming increasingly involved in business buying. They introduce their own values, processes and criteria, demanding rigorous approaches from sales and marketing people trying to sell to their company.

Some have introduced elaborate marketing programmes to side-step this trend and to climb 'up the value chain' into consultative sales. But business marketers must get to grips with the role and selection criteria of these hugely influential specialists in each customer organisation. They desperately need mechanisms to understand this community and to engage with them between purchases.

● Sector expertise. There is an assumption among most business buyers that knowledge of their sector is a sign that potential suppliers understand their needs. They will expect their suppliers to understand the language, history, key trends and main competitors in their industry. As a result, most B2B marketers have, or are forced to set up, a sector marketing programme.

B2B COMPANIES OFTEN LACK MARKETING COMPETENCE

Large, experienced business marketers (such as IBM), which have been driven by market trauma, have progressively invested in ever more sophisticated marketing capabilities and processes, while others lag behind.

Businesses range from tiny start-ups to medium-sized companies and any marketing units within them are limited by both resource constraints and the understanding of the company's leaders. They need to construct their marketing with a hard-headed balance between what needs to be done and what can actually be done. They are unlikely to be able to invest in detailed research or elaborate market plans but must identify 'strategic imperatives'; a tough mixture of sales, revenue, communication, NPD and political demands.

One thing that client-side business marketers must do is to understand the broad range of resources available to them. This will involve: their actual budget, their actual staff, support from other business functions (like logistics, sales support or customer service), their suppliers, their professional association, and their wider professional network.

Suppliers and agencies to B2B companies need to think through and compensate for this lack of organisational competence. They need to drop unnecessary jargon and invest in educating their potential client. They will normally have to swallow some costs in order to win greater account penetration at a later date.

They might, for instance, have to invest in research or idea development in order to win campaign commissions that then lead to further work, once trust and confidence has grown.

They will often have to gain access to the business owners and leaders in order to enter debate about strategic issues. Those that succeed in gaining this business-level access report great success from it. They find that business leaders are less risk-adverse and quicker to take decisions than those in marketing functions; better even than CMOs in some consumer organisations. They are also more willing to pay higher margins for demonstrable benefit.

All B2B marketing activities of any worth (from strategic issues like branding, segmentation and market access to advertising and other communication programmes) flow from this fundamental approach to organisational competence in B2B marketing. Both long-standing, senior client-side marketers and successful agencies report that, once gained, lucrative and exciting rewards follow.

LEARNING THE SECTOR LANGUAGE AND CULTURE

Markets create their own language, beliefs and behaviours; and that can be particularly seen in B2B markets. One of the neglected marketing thinkers of the 20th century, Wroe Alderson, pointed out that markets adopt herd behaviour. Marketing directors and business leaders develop ideas, language and beliefs that form a framework for the launch of products and services; and customers collude in those beliefs while they engage in that market.

Most thinking business people would have heard, for instance, the expression: '50% of my advertising budget is wasted, but I don't know which 50%.' And many would recognise: 'It costs more to recruit a new customer than retain an existing customer. And, hundreds have heard conference presentations that state: 'The average dissatisfied customer tells 13 other people if they have a difficulty or experience bad service.'

These beliefs and ideas (which may not necessarily apply to the company concerned) build up in a sector or business market and form a backdrop to strategies and initiatives. So, marketers have to customise B2B marketing with them in mind.

As this industry-specific bias affects all methods of B2B marketing (from pitching and service reviews to PR and digital marketing) it is sensible to develop a clear communications strategy to tackle it. What are the buzz-words used by the intended customer group? Who do they respect, what do they believe (however daft it may seem) and what progressive learning has there been in their little corner of the industrial landscape?

People in financial services, technology, public service and pharmaceuticals have very different views and assumptions, both from each other and fmcg marketers. What are they? There is then a very important decision to be made. Is the campaign going to adopt the technical language of the herd? Agencies who are inexperienced in B2B markets frequently complain that they are asked to use jargon in their work and boast about how they brought 'common sense and simple English' to a communication piece.

Yet that may not be the right thing to do. If buyers are wedded to certain words and use them to represent their strategies and assumptions, then they have to be used. In fact, demonstrating that you understand, that you are part of the herd, is an important way of displaying that most important issue of good marketing and income growth: empathy. You simply cannot develop relationships, pitch or advise if you cannot communicate at this level.

AN ALTERNATIVE STRATEGY

Sometimes it is possible to shock or gain attention with one piece of communication that misuses industry language. Some organisations deliberately set out to challenge and shake-up markets. In nearly all business markets, respected and outstanding performers exist who are contrarians; standing out from the crowd.

Marketers cannot effectively use marketing communication techniques to publicise their products without a first-rate understanding of this phenomenon; they must know the 'mind of the market'. This is the essence of B2B communication strategy, and money can be misspent unless marketers get a grip of it. ■

This is an extract from a 'best practice guide' commissioned by Warc. Others in the series include: segmentation, innovation management; brand portfolio management; behavioural marketing; loyalty; corporate marketing; and positioning.

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CHECKLIST

ESTABLISH GROUND RULES WHEN WORKING IN THE B2B SECTOR

- Develop a clear picture of the similarities and differences between consumer and B2B marketing.
- Construct a list of strategic imperatives based on market understanding (even if intuitive rather than research based) and the leadership's priorities.
- Honestly assess the organisational competence of the B2B marketing team.
- Identify the business leaders and their understanding of marketing issues.
- Get to grips with the resources available to the B2B marketing team that are beyond the formal budget and staff.
- Establish what assistance is required from other functions and figure out how they will they be convinced to provide it.
- Think about how marketing skills can gain access to the strategy debate among the businesses' leaders.
- Decide what short-term and long-term programmes should be launched.
- Think about the processes that need to be set up or technology bought to increase the B2B marketing competence.

JOHN A QUELCH AND KATHERINE E JOCZ

Possibilities and pitfalls for location-based marketing

As excited as we can get ordering items from internet retailers, it is misleading to think that this virtual world of shopping is the future. **John A Quelch** and **Katherine E Jocz** argue that although location is more important than ever, many questions remain for mobile apps

FOR YEARS, pundits have said that e-commerce presages the death of distance and the demise of place in modern marketing. Nothing could be further from the truth. Even as more and more people go online, they still tend to seek out information, connections, and activities that are close to them. They read news related to their community or country, participate in social networks comprised of friends and family, and buy from local and domestic retailers.

Virtual place has gained dominance over physical place in very few goods and services categories when it comes to the selling process. Software, music, telecommunications, and financial services show the highest percentage of virtual sales because they require no movement of physical product. Yet in 2010 the music industry, one of the hardest hit in the shift away from physical goods, continued to earn half its revenues on physical products sales.

Although sales of e-books are accelerating, online booksellers such as Amazon still deliver more printed books than e-books. All told, in 2010, e-book sales in the United States accounted for under 4% of total book sales by revenue. True, online bookstores can offer enormous choice, but they coexist alongside the local bookstore with its easy browsing, instantly available merchandise, like-minded customers, knowledgeable store personnel, and pleasant ambience.

Moreover, marketing in virtual space for many marketers complements rather than completely replaces physical space. Out of the hundreds of millions of Google queries per day, one out of five searches is related to location. These searches increasingly happen on the go, as mobile phones connect businesses and consumers nonstop.

According to Deloitte and Touche, consumers expect to use mobile to find store locations (55%), research prices (45%), find product information (40%), find discounts and coupons (32%), and make purchases (25%).

Already, adoption of mobile devices far exceeds desktop internet adoption. Globally, there are some six billion cellphones in use. Close to 800 million of these are the rapidly growing category of smartphones possessing web browsers, keyboards, and video capability that operate on Wi-Fi or 3G or 4G networks.

Many standard mobile phones carry an embedded GPS chip that allows network operators to pinpoint the phone's location. In addition, smartphones allow consumers to see and share location information. Letting location-based mobile apps know where they are allows consumers to search for information relevant to their immediate surroundings. Transportation applications – the time interval until the next train or bus – improve the commuting experience.

Or consumers can ask for the times of movie showings within a given radius. In searching for product information, they can take a picture of an item's barcode and receive comparative price information for nearby retailers.

NEW OPPORTUNITIES

Through special apps, users can merge their coordinates with online maps, send their current location to friends, and exchange information about their surroundings. For example, diners can take photos of a restaurant exterior, interior, or menu and upload these to Yelp. Based on geotag data, the imagery is merged with online maps and reviews of the restaurant. Such reviews increasingly make or break the success of restaurants, hotels, and other service businesses.

The new wave of location-based applications is transforming online advertising, consumer information search, and shopping. It opens new creative possibilities for sponsored apps, interactive display ads, and location-based and augmented-reality ads. For instance, toilet-paper company Charmin sponsored a SitOrSquat app that guides users to

Virtual place has gained dominance over physical place in very few goods and services categories when it comes to the selling process

nearby public restrooms – an incredibly useful tool that builds value for the Charmin brand. AT&T has introduced a location-based advertising service in Chicago and other cities. Triggered by a 'geofence' (a virtual electronic boundary), it allows advertisers to beam coupons or other promotional offers to consumers as they enter or leave the vicinity of a store.

Meanwhile, as more consumers upload their location identification to social networking sites like Facebook and Foursquare, these sites will represent desirable platforms for advertisers to target messages to consumers while they're in particular places.

Industry observer Noah Elkin estimates that around $3 billion will be spent on mobile advertising in the United States by 2013. As with television, advertisers will be able to buy ads by time of day and location – except that the target location will not be as general as a city zip code but, rather, the precise place where potential customers are.

In particular, location-based apps promise to be a versatile marketing tool for local stores. As well as informing potential customers of store locations, operating hours, merchandise lines, and prices, merchants can offer promotions and coupons, tied to time and place, to consumers in the vicinity – meaning that a neighbourhood restaurant, for example, can target people passing within 100 metres of it during the lunch hour.

By asking consumers to opt-in to mobile ads and promotions, merchants can target their best prospects and reduce intrusions on unreceptive consumers. In 2010, McDonald's tested a promotion on Foursquare in which consumers who 'checked in' to certain McDonald's restaurants could win $5 or $10 gift cards.

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Participating restaurants saw a 33% increase in foot traffic and free publicity in local news media.

Mobiles can also serve as loyalty cards. Consumers who check in at a merchant's location via popular social network sites can collect loyalty points, which are stored on their mobile phones. After collecting a certain number of points, they can earn a badge that gives them a discount or free item. Starbucks, for example, will give holders of a Foursquare 'mayor' badge $1 off a frappuccino.

QUESTIONS REMAIN

How well local marketing on mobiles will work hinges on some open questions. Currently, the enabling conditions are not quite in place.

First, the security of mobile payment systems must be ironclad.

Second, the interfaces of different mobile platforms vary, such that a single advertisement cannot be delivered to all mobile phones.

> In a virtual landscape, marketers would do well to remember that customers still want the same things they always wanted – trust, convenience of access, information, and interaction

Third, cookies are not easily applied to mobile phones for addressability purposes, so marketers would have to tap into the clickstreams of data sent between phones and carriers.

Finally, if consumer behaviour data is used as the basis for sending ad messages, European legislators for sure will require an 'opt in' by each targeted consumer.

These technical limitations will no doubt be overcome, but equally important, the mobile phone is a very personal device. Traditionally, carriers didn't allow ads, in part because of concerns about the user experience: a battery rundown, a voice mail or email in-box filled up with ads, or, in the United States, charges incurred for unsolicited incoming calls do not help a company's image. Mobile advertising also triggers two kinds of privacy risks: intrusiveness (being contacted against one's will) and confidentiality (how sensitive personal data are handled).

Assuming that mobile advertising will expand, marketers will have to ask permission to communicate if they want to be effective. For example, consumers who have already searched an app related to a particular retailer would likely be more receptive. However, proximity to a merchant, as signalled by a GPS tracker in a mobile phone, hardly means receptivity.

Consumers on the go may prefer fast and simple messages to slower and more complex information, but marketers must steer clear of the junk email syndrome of displaying a similar ad over and over. Search ads should work well because they are user initiated and concise, with deeper information just one click away.

WORDS OF CAUTION

It's likely that much of the mobile traffic – and therefore advertising – will be driven by social networking sites. But marketers should plan for alternative ad strategies if social networking proves to be a fad that fades or appeals to only a few demographic groups.

In addition, hyperlocal geotargeting of consumers may draw the net too closely. Currently, only a small fraction of consumers check in to locations, and this behaviour may never spread widely to the mainstream. Even if it does, advertisers will always need to reach beyond the small group of people who are in a specific establishment at a specific time in order to target a larger group of customers within the general geographic area.

There is no escaping physical location even in the virtual world. The virtual and the physical are intertwined. In a virtual landscape, marketers would do well to remember that customers still want the same things they always wanted in a marketer – trust, convenience of access, information, and interaction – but this need not be seen as a limitation.

As the potential of mobile advertising demonstrates, place-aware innovations around virtual space can create new markets and new ways for marketers and consumers to engage. ■

From All Business Is Local: Why Place Matters More Than Ever in a Global, Virtual World. Published February 2012 in America and Britain by Portfolio.

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Forget brand preference, go for brand relevance

In a competitive market, it's essential to find the best way to stand out from the crowd

Brand expert **David Aaker** examines the assumptions and resources required for two alternative growth strategies: concentrating on getting the brand preferred over competitors vs the more productive strategy of developing categories or sub-categories relevant to specific groups of customers

THE MOST commonly used route to winning, what I term brand preference competition, concentrates on making a brand preferred over other brands in an established category or subcategory. It is a tough road. The second is to win the brand relevance competition by creating new categories or subcategories for which competitors are irrelevant.

Winning in this second competitive arena, with rare exceptions, is the only way to gain real growth. In most firms, way too much effort is spent on brand preference competition and way too little on brand relevance competition. It is not really possible or wise to forget brand preference, but at the margin, firms should shift their culture, strategy, and resources to brand relevance competition.

BRAND PREFERENCE COMPETITION

Brand preference competition aims to generate preference among the choices considered by customers. There is a single-minded focus on beating the competition with 'my brand is better than your brand' programmes.

For example, a consumer decides to buy an established product category or subcategory such as SUVs. Several brands, perhaps Lexus, BMW, and Cadillac, have the visibility and credibility to be considered and thus will be relevant. Winning for the Cadillac brand, involves making sure that Cadillac is preferred to Lexus and BMW which usually means being superior in at least one of the dimensions defining the category or subcategory and being at least as good as competitors in the rest.

The brand preference strategy involves investments in making conventional brand building more efficient and effective – creating more influential advertising, more impactful promotions, more visible sponsorships, and more involving social media programmes. It also involves incremental innovation to make the brand ever more attractive or reliable or the offering less costly. Faster, cheaper, better is the mantra. The focus and commitment is on the existing offering, business model,

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The brand relevance strategy involves transformational or substantial (as opposed to incremental) innovation to create offerings that define new categories or subcategories

target segment, and established category or subcategory.

This classic brand-preference model is an increasingly difficult path to success in today's dynamic market because customers are not inclined or motivated to change brand loyalties in established markets. Brands are perceived to be similar even if there is a real difference. As a result, customers are not motivated to locate or learn about alternatives.

Further, even when the offering is improved or effective marketing is developed, competitors usually respond with such speed and vigour that any advantage is often short-lived. As a result a brand preference strategy is usually a recipe for stressed margins, unsatisfactory profitability, and, ultimately, a decline into irrelevance. It is so not fun.

BRAND RELEVANCE COMPETITION

The second route to competitive success, brand relevance competition, is making competitors irrelevant by developing offerings so innovative that they become 'must haves' that define a new category or subcategory. This could involve characteristics beyond attributes or benefits such as a certain personality, organisational values, social programmes, self-expressive benefits, or community benefits.

Under brand relevance competition, the customer selects the category or subcategory, perhaps a compact hybrid, making the starting place very different. The customer then identifies brands that are visible and credible and thus relevant to that category or subcategory and evaluates and selects one of those brands.

Winning under the brand relevance model is based on creating a new category or subcategory context such that a brand is selected by customers because competitors are not relevant (rather than not preferred), a qualitatively different reason. The result can be a market in which there is no competition at all for an extended time or one in which the competition is reduced or weakened, the ticket to ongoing financial success.

In brand relevance competition, as opposed to brand preference competition, the category or subcategory and its associated relevant brand set is in play. The selection of the category or subcategory is now a crucial step that will influence what brands get considered and thus are relevant. It is not assumed to be given and static.

The brand relevance strategy involves transformational or substantial (as opposed to incremental) innovation to create offerings that define new categories or subcategories. The organisation needs to have the capability to sense changes in the marketplace and its customers, an ability to commit to a new concept and bring it to market, and a willingness to take risks by going outside the comfort zone represented by the existing target market, value proposition, and business model.

An organisation good at brand preference competition will not always support game-changing innovation. Changes in culture, structure, process, and resource allocation may be needed. There has to be a strategic commitment to introduce such changes. They will not happen by themselves.

MARKET PLACE EXAMPLES

During a full 50 years the market-share trajectory within the Japanese beer industry changed four times, three when new subcategories were introduced, Asahi Dry Beer in 1986, Kirin Ichiban in 1990, and Happoshu in the late 1990s, and once when a subcategory was repositioned. In the computer industry the sales patterns were changed only by the introduction of new subcategories like DEC with minicomputers, Sun with workstations, Silicon Graphics with graphic workstations, Dell with build to order, and Apple with user-friendly interface.

In services there is BGI's iShares that defined a new investment vehicle, Westin's Heavenly Bed that invented the premium bed, and the Enterprise Rent-A-Car focus on insurance firms and their customers.

In packaged goods there is Odwalla, General Mills' Gluten-Free Line, So-Be, and Dreyer's Slow Churned Ice Cream. In retailing there is Whole Foods Markets, Zara, Muji, Best Buy's Geek Squad, IKEA, and Zappos.com. In automobiles there is the Ford Mustang, VW bug, Mazda Miata, Toyota's Prius, BMW's Minicooper, and Tata's Nano. And the list could easily be extended.

MARKETS MUST BE DISRUPTED

As asserted at the outset, creating new categories or subcategories, with very rare exceptions, is the only way to create meaningful growth in sales. In general, there is no change in the relative share positions or profits of relevant firms unless there is an innovation that will define a new category or subcategory. The stability of brand positions in nearly all markets is simply astonishing. Even dramatic changes in marketing budgets, marketing programmes, and incremental offering improvements have little impact.

If market momentum is to be disrupted, it is necessary to generate offerings with 'must haves' that will define new categories or subcategories that will render competitors irrelevant for an extended time.

Numerous case studies provide empirical evidence that creating new categories or subcategories pays off. A McKinsey study is one of many financial studies of firm performance that supports this view. It showed that new entrants into a market, which usually involve a high percentage of new categories or subcategories, had a return premium of 13 points the first year sliding to one percent in the 10th year. Since new entrants are more likely to bring new business models than existing businesses, the implication is that those creating new categories or subcategories will earn superior profits in part because relevant competition will be low in the early years.

SOME GUIDELINES

The evidence is compelling. And the logic more so. It is econ 101. The goal of strategy should be to create a market in which there is little or no competition.

When the opportunity to create and own a category or subcategory appears, it should not be squandered because it can be the only route to changing a brand's position in the marketplace. But the route to success can be difficult.

Here are some guidelines:

- First, make sure that the innovation really involves a 'must have' for the customers. Beware of the innovation that appears to be a market changer when it is only an incremental improvement. Innovation champions tend to be over-optimistic because of both psychological and professional reasons. But also be willing to commit even when faced with barriers and difficulties.
- Second, become the representative or exemplar of the subcategory. The goal is to be the only visible and credible brand. Toward that end there should be a single-minded focus on defining and building the subcategory rather than the brand. When possible, the brand should be perceived as the thought leader with not only new products but also visible comments on the subcategory and its future. BGI's iShares spent years with a well-resourced effort to project the value and future of ETFs (exchange traded funds) and their role in the investment world.
- Third, execute flawlessly. Delivering the promise out of the box is indispensable to the creation of critical market momentum. Superior execution also generates a barrier to competitors especially if it is based not only on what is done but the values and organization behind it. That was certainly the case with Zappos.com with its 10 values including Wow! experience and being a bit weird that allowed them to create a staff and processes that are hard to duplicate.
- Fourth, engage in innovation over time to provide a moving target to competitors and energy to the brand, and a sense of leadership to the firm. Chrysler's minivan enjoyed 16 years with no viable competitors in part because of a series of innovations such as the sliding driver side doors, removable seats, four-wheel drive and Easy-Out Roller Seats.
- Fifth, expand the subcategory definition beyond functional benefits to include characteristics such as self-expressive or social benefits, organisational values, or personality. A challenging subcategory can create a feisty underdog persona. SaleForce. Com, an early cloud computing software application firm, for example, positioning CRM software from Siebel and others to be old fashioned.

When the opportunity to create and own a subcategory appears, it should not be squandered. But it should be realised that, however good the strategic vision is, the implementation of that vision needs to be resourced and executed flawlessly. And there should be competitive barriers established in the form of execution ability, a moving target, a rich customer relationship, and an exemplar brand. ■

This article is based in part on 'Brand Relevance: Making Competitors Irrelevant', Jossey Bass February 2011.

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Delivering the promise out of the box is indispensable to the creation of critical market momentum. Superior execution also generates a barrier to competitors

How to avoid executive stress

Organisational behaviour expert, **Thomas DeLong** highlights a familiar problem with successful executives: the drive to achieve can be an addiction with the same impact as substance abuse. Here are ways to recognise it and try to control it

MARK, A well-known CEO, told me of the time he visited his brother in a drug treatment centre. This was the third time Mark's brother, a highly successful physician, had attempted to break his addiction to prescription drugs.

Mark said that he will always remember the experience of being confronted by his brother during a family group therapy session. As Mark sat in the circle his brother said to him: 'There really isn't much difference between us. We are both addicts but of a different kind. My addiction ruined my first family and my career and I'm still trying to salvage it after 30 years of struggle. And your addiction to achieve and succeed has made you famous. But just realise that the difference between us is minimal.'

When teaching various groups of executives, I relate the story of Mark and his brother. Each group responds similarly. They relate to these two professionally successful men and see that they live largely on the edge of their own insatiable need to keep achieving at all costs. They realise that they often shoot themselves in the foot because of their need to cross achievement markers off their lists – activities, assignments and projects. And they also realise that their lists of things to do keep getting longer and longer the more they achieve. They simply add to their list as they cross items off the top.

IN PRACTICE

One newly minted doctor who was in the process of setting up her practice said: 'I should have realized sooner that the more I cross off accomplishments and activities on the top of the page the more I add things to the bottom. My worry is whether or not this is going to be the pattern for my life. If I keep this up all I will be at the end of my life is tired.'

Fred, a professor friend, once took me into his office and pointed out a pile of notepads that had accumulated over his 30-year career. He had kept all his 'to-do' lists, and each list was filled with crossed-out items signifying that they had been accomplished. Fred said: 'Maybe at my funeral I should have these notepads stacked next to my casket as a way of showing what my life was all about.'

This need to achieve is one of the central psychosocial needs that have been studied for years in psychology. These psychosocial needs or social motives are very different from physiological needs as defined by Abraham Maslow. Maslow suggests that our physiological needs can be extinguished temporarily through obvious and simple interventions. If we are thirsty we can drink water and the need is extinguished for the time being. The same holds true for sleep, eating, sex, etc.

Psychological theorist David McClelland, however, describes our psychosocial needs as producing the exact opposite effect. In other words, as we strive to meet our needs to achieve, the need becomes greater and greater. It fact, it becomes insatiable. So that the more we achieve, the more we want to achieve. It also makes it difficult to do anything else other than think about or do work.

Some professionals live with the false assumption that once they achieve a certain amount of status, or financial security or titles, or homes they will be satisfied to throttle back the drive to achieve. But the research says otherwise.

This need to accomplish will persist forever. One of my clients, Frank, told me that he had the goal of achieving a certain net worth (a very big number) before he was 60. Once he achieved it at age 57, however, he simply recalibrated his number upwards and continued driving for the adjusted number.

One leading Wall Street analyst, Mary Meeker, reported a similar experience when she built her second home in a resort town. Once it was completed she became frustrated with her older 'full-time' home and began redecorating it from top to bottom. The last time we spoke she was considering buying another home so she would have places both in a warm weather and cold weather port.

I don't write this to insult you – as you no doubt realise, I'm a driven professional myself – but to state a truth that has escaped a lot high-need-for-achievement people I know. In fact, the positive aspects of this personality type make your success possible. If you didn't have an insatiable desire for achievement and weren't so task-focused, you would not have done as well as you have.

But ambition can be blinding, and when you're so obsessed with completing tasks effectively and maintaining your stature within the organisation, you may miss some critical aspects that define you – and that can keep you from achieving the success you seek.

Just because these traits are common, however, doesn't mean that they have to derail your career. In fact, just becoming aware of them will go a long way toward preventing them from doing damage. Once you become more conscious of these 11 traits, you'll be able to change your behaviours in a more productive manner. To that end, I've compiled a group of questions that you should ask yourself to assess which ones are impeding your career progress and job satisfaction:

DRIVEN TO ACHIEVE THE TASK

- Do you find yourself dissatisfied with your performance if you only do a satisfactory job; even when you do a good job, do you often beat yourself up because you believe you could have done better?
- Do you regularly cast an envious eye on the careers of your friends; do you believe that they're doing better than you, no matter how well you're doing?

> When you're so obsessed with completing tasks effectively and maintaining your stature within the organisation, you may miss some critical aspects – and that can keep you from achieving

- Are you constantly looking for roles and responsibilities that challenge you; do you feel you need to prove yourself by tackling assignments with high degrees of difficulty?

FAILING TO DIFFERENTIATE URGENT FROM MERELY IMPORTANT

- Do you find it difficult to prioritise your to-do list; does it seem impossible to designate one item on it less important that others?
- Is it likely that you find yourself trying to do everything at once; that you spread yourself thinly attempting to get multiple tasks done simultaneously because you can't figure out which task demands your full attention?

DIFFICULTY WITH DELEGATING

- How often do you take over a task that you initially assigned to a direct report; do you do so because you don't believe the direct report can handle the task or because you become anxious that he or she can't do it as well as you can?
- When you do manage to delegate an assignment, do you constantly check on that person and micromanage their work?

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Are you constantly looking for people to tell you how you did; do you practically beg people to tell you that you did a good job?

- Are you reluctant to delegate because you don't like wasting the time necessary to teach someone else to do something?

STRUGGLING WITH PRODUCER-TO-SUPERVISOR TRANSITION

- Do you find your managerial role uncomfortable and confusing, especially contrasted with your individual contributor role?
- When you try to manage others, do you struggle to know how well you're doing; does the lack of clear measures bother you?

OBSESSED ABOUT GETTING THE JOB DONE AT ALL COSTS

- Do you lay awake nights wondering about how you're going to be able to meet deadlines?
- Are you always trying to figure out ways to get things done faster (even when your current pace is fine)?
- Are you willing to push both yourself and your people to the limit to accomplish a task?

AVOIDANCE OF DIFFICULT CONVERSATIONS

- When you know you have to tell someone something that will make him or you uncomfortable, do you postpone it for as long as you can; do you sometimes manage to avoid this conversation entirely?
- Do you sugar-coat performance reviews to avoid arguments and defensive reactions?
- Are you often willing to accept a less-than-favourable outcome rather than to engage in a dialogue that might produce a better outcome?

SWINGING FROM ONE MOOD EXTREME TO ANOTHER

- Do you tend to be either very high or very low and spend very little time in the various emotions between?
- Are you likely to respond to mild criticism from a boss and think you'll be fired the next day; are you likely to respond to mild praise from a boss and believe you'll receive the next big promotion?

CRAVING FEEDBACK

- Are you constantly looking for people to tell you how you did; do you practically beg people to tell you you did a good job?
- Are you fearful of negative feedback; do you try to avoid conversations with those who might say something about your performance that will upset you?
- Do you have a group of people or one particular individual who you seek out for feedback because you know they will give you a positive response?

COMPARING

- Do you find yourself thinking about your achievements and career only in relative terms; do they only mean something to you based on how others in your position have done?
- When you find it difficult to measure your performance, do you reflexively look for another job or another position in the company where measures are more apparent?

TAKING ONLY SAFE RISKS

- Do you feel that you stack the deck in your favour when you take on what others perceive to be a challenging assignment; are you reasonably sure that you can complete it effectively before you take it on?
- Do you do everything possible to avoid risks where you may end up with egg on your face; do you stay away from certain assignments because you know that they're tough and you may not look good while working on them?

FEELING GUILTY

- Even if you're working hard and getting a lot accomplished, do you feel as if you aren't doing enough; that you could handle more responsibility, despite appearances to the contrary?
- Does every break from the action cause you to feel lazy or slow; do you feel that you don't deserve your vacation; does a long lunch make you feel like you're slacking off?
- When you work an eight- instead of a 12-hour day, do you remonstrate with yourself because you've 'taken it easy'; do you believe that you're letting down the company, your team and yourself? ■

This article is based on 'Fly Without a Net: Turn Fear of Change into Fuel for Success' by Thomas DeLong. Harvard Business School, June 2011.

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The end of inefficiency

Consumers are seeking easier ways to make decisions, and it's time for suppliers to assist them, says **Melanie Howard**

ONE OF the fascinations of being in the futures game is watching how trends emerge and mature over time. Often they overlap and combine with others to create new phenomena. Strong trends often multiply into a number of sub-trends that, while related, acquire a life of their own. 'The End of Inefficiency', newly hatched from our trends laboratory, nVitro, is potentially a significant outcrop of 'The Quantified Self' (*Market Leader*, December 2010), itself arising from a fortuitous combination of the 'Digital Revolution' and the long-term drive to 'Healthy Hedonism' – thus providing a neat example of both tendencies.

The ability to capture and use data about ourselves in order to monitor and control our behaviour for the better, which forms the heart of The Quantified Self, is a key factor in this story. It remains a powerful driver for the uptake of new apps that help us count calories, exercise more, and monitor our health such as Microsoft's Chinese service, Health Vault.

But here we are looking at the impact of an important attitudinal shift – arguably a heightened response to the challenges of austerity – which points to the emergence of very different strategies to being a 'good' consumer in the 21st century. Here another trend has to be plaited into the story – this time Return to Maximising (*Market Leader*, June 2010) which describes the growing tendency to compare prices and invest time in achieving the best value for money in purchasing which, unsurprisingly, has intensified as a result of the economic downturn since 2008.

Into this rich mix the seeds of The End of Inefficiency have been sown. This describes what we believe is a growing willingness among consumers to outsource all or part of humdrum purchasing decisions in certain markets and categories of low interest. It also suggests that people are beginning to recognise that they aren't necessarily going to make the best and most rational decisions for themselves – a core precept of the recently fashionable discipline of Behavioural Economics. It also requires that people are sufficiently comfortable with the technological platforms that will facilitate their outsourcing of decisions as well as trusting of the brands and businesses (or at least their algorithms) that will perform the decision making for them.

It is very early days and our measurement of the potential of this trend is still under way. But one of the most extreme instances that we have come across is SARTRE (Safe Road Trains for the Environment). This is an EU-funded programme to develop technology allowing motorists to outsource driving decisions on stretches of motorway where they can plug into a 'platoon' of cars led by an expert driver who will take the train of cars to their destination, while the drivers eat, sleep, play games or chat in comfort.

More prosaic is Ford's MyKey which allows for levels and services within the vehicle to be preset: speed, sound system, warnings and alerts. Designed with US teenage drivers in mind, it also has applications for adults who know their own weaknesses. SignalGuru provides another example of using a combination of iPhone app, traffic data and images captured by dashboard smartphones to predict how to drive to achieve maximum efficiency and avoid stopping.

There is another dimension too – which some might characterise as a growing laziness but is perhaps more about the consumer desire to concentrate on the things they really care about. Making decisions can be an exhausting process, after all. Talk of the wonders of smart fridges is not new, but now, the technological infrastructure exists to make the promise of seamless food ordering and stock control a reality using the short-range radio-waves from RFID tags on products in conjunction with broadband. As well as adding depleted items to your online grocery shopping list, LG's Smart Manager Fridge will suggest recipes and turn on the oven for you.

In a different vein, Munch On Me has been set up on the West Coast of America as a community-based eating solution for people who no longer want to think about what they should eat every day. The promise is that members will be directed daily to local restaurants and retailers where food is fresh, on offer and available. It is a clever way of tying discounts and offers together to invigorate traffic in a society where half of all food expenditure is now out-of-home.

As with every early-stage trend, there are more questions than answers about The End of Inefficiency. Is it really about time saving and better outcomes or more to do with boredom with the whole process of purchasing and making the right decision about what to do? It is too early to know what the precise motivation is going to be in every case, but smart brands and suppliers should explore how they can use smart technology to make repurchasing and upgrading a seamless process. ■

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What did I learn from books?

TONY SCOULLER

The ad used in the satirical video *Risk & Responsibility*

IN SEPTEMBER 2011 I reached the age that Cardinals retire. Because I have spent all my working life, except my time at Her Majesty's Pleasure – national service in case you misunderstand – in marketing and advertising I have accumulated a large number of books on those subjects. I am attempting to give them away. But, when asked to write about 'which books influenced you most', it was not as simple as I thought.

The books rapidly divided into three areas: those that influenced marketing strategy; those that influenced marketing techniques; and those that helped me on advertising. Of course in the last two categories there is overlap.

On strategy my main influences were military, Von Clausewitz, Von Moltke, and Montgomery. Clausewitz[1] the earliest writer pointed out that defence was easier than attack. Defence chooses its ground and has time to prepare. A numerical superiority of at least three-to-one was necessary to give the attacker a chance of success. This point is no help to marketers. It suggests inevitable defeat in any attack. Yet history shows that victory by numerically inferior forces is common.

Its relevance is that the attacker has to deploy his forces in such a way as to produce that superiority where it can be effective. Moltke[2], victor in the lightning Franco-Prussian war of 1870, understood that one way to overcome this disadvantage was speed of movement and selective deployment of force. He failed, however, to consider the aftermath – civil war and the Paris Commune. Montgomery[3] further refined Moltke by articulating the theory of balance. If the enemy strength is evenly deployed in front of your army, he is 'balanced'. The next move is to attack on a three-to-one superiority basis at a point in his line where you perceive his weakness to be.

CONSIDER THE CONSEQUENCES

If for example you were to attack a brand leader – let us say Ariel – on a frontal attack it would be very expensive. In the short term with money to buy shelfspace and advertising you would take market share but for how long would you hold it when they counterattacked?

If you find this simplistic and obvious, may I remind you of the American 'search and destroy' tactic in Vietnam, and Eisenhower's 'broad front' WWII strategy. This last was successful, due to overwhelming superiority, but costly in time and casualties. Before I leave this subject, I need to mention 'shock and awe' – the USA strategy in Iraq 2. This was successful in the short term but destroyed infrastructure and alienated the population, with the result that 10 years later they are only now extricating themselves, and possibly leaving a worse mess. Marketing lore has many examples of such unintended consequences – the famous Hoover promotion and the even more costly Persil Power mistake to name but two.

BRAND MARKETING INSIGHTS

In brand marketing, a major influence was Stephen King, who I had the good fortune to work with. Particularly influential was the T-Plan which articulated the relationship between rational and emotional responses to advertisements and how they contributed to the overall communication effect. His paper 'What is a brand?' remains definitive.

About 18 months ago these papers[4] were collected and published together with a recent commentary from luminaries working in the business today. He wrote before the digital age but I do not doubt that he would have given us insights and methods that we would all have embraced. What did he teach me? I am a practitioner, Stephen was original. I learned how to judge an advertisement or promotion. I learned the proper and improper use of research. I did not get it right all the time, but my strike rate would have been a lot worse if I had never known him.

MARKETING WISDOM

Let me turn next to marketing textbooks. My shelves are crammed with them. There is all too much repetition or regurgitation in so many of them; by that I mean presenting an old theme in a supposedly new way and failing. I will not insult worthy authors by naming names.

I will say that two did influence me. One is Peter Doyle's *Marketing Management and Strategy*[5]. This is a textbook for students as befits a Professor of Warwick University. I found it useful when looking to refine an argument for a presentation I was to make. I am afraid I cannot claim to have read it cover to cover.

The second is Michael Porter's *Competitive Strategy*[6]. He subtitles the book 'Techniques for analysing industries and competitors'. There is much to admire here, but one quote stood out for me: 'Products have a tendency to become more like commodities over time as buyers become more sophisticated and purchasing based on better information. Thus there is a natural force reducing product differentiation over time.'

Nobody seems to comment today on the effect that the relative demise of ITV has had on brands. Weakened brands deprived of this weapon have induced manufacturers to play more and more into the hands of retailers. Porter published his book in 1980. It is still valid.

ADVERTISING GURU

I turn now to advertising. An early influence was not a book but a brilliantly satirical video. Jeremy Bullmore, David Bernstein and

Ronnie Kirkwood did the piece for the IPA. They judged an advertisement presented by Sam Rothenstein. She came in with the famous 'The Man in the Hathaway Shirt' advertisement, a creation of David Ogilvy.

It features a man clad in the shirt who has a black patch over one eye. Sam responds to typical client-type criticism of the advertisement and eventually, with other amendments, the eye-patch is lost and the advertisement no longer noticeable or communicative. It is called *Risk & Responsibility* and it is very funny. The lesson is that if you take all the 'risk' out of an advert you run a bigger risk of not being noticed at all.

Of course Jeremy Bullmore was a major influence. His book *Behind the Scenes in Advertising*[7] is still a classic. It is a collection of his writings and lectures over many years. He has the priceless ability to deliver the very serious and insightful message to his readers/audience with a riveting wit. He keeps you on edge wondering what he will say next and fearful that you will miss something. In the book there are so many pieces worthy of attention. Perhaps the first two pieces 'Advertising: what is it?' and 'Competitive persuasion' will have to do. He makes, among others, the point that primarily advertising has to inform. How many advertisements do you see today that make you say: 'What are they selling?' I became notorious in my latter days as a marketing director for saying: 'I want to let the consumer in on the secret of who is paying for this space.' Pompous of course, but deliberately so.

I cannot leave his book without mentioning his speech to Marketing Society Conference. He calls it 'Saving on the Chardonnay: your very own conference theme while you wait'. You will have to read it to get the joke but his overall message was a simple one. As a marketing person do not take yourself too seriously; remember so much of what you do is common sense. If marketing and advertising brands is not fun – why do it? I can only agree. ■

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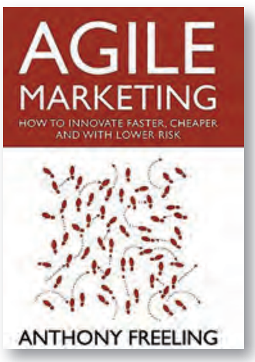
Fail fast and fix it

WILLIAM ECCLESHARE



IN *AGILE MARKETING* Anthony Freeling successfully combines theory and practice and comes up with a neat concept. Agility is something to which any good business person should aspire and the idea that speed of execution is at least as important as relentless rigour is instantly attractive.

One of Dr Freeling's central tenets is 'Test, Learn, Commit' (TLC) in which we are encouraged to ignore the traditional approach of exhaustively exploring consumer needs, working out how to satisfy them and then implementing. Instead, a TLC attitude would encourage experimentation, then selecting the best idea and committing wholeheartedly behind the winning formula. It's a seductive thought but does depend on the ability to properly measure such pilots. I'm sure I'm not alone in bearing scars from 'test markets' or 'pilots' that have proved impossible to read because of noisy data. The idea of 'fast loop marketing', which implies an organisation with the ability to rapidly learn and move forward is one that passes a common-sense test.

The book is rich with strong examples drawn from thorough interviews and with the forensic analysis you'd expect from a former McKinsey consultant. You would also be right to expect a bias in favour of rigour rather than intuition – Freeling may preach agility but not if it involves shortcuts in analysis, and he is a great believer that organisation and culture are critical to strong marketing.

The examples cover a wide range of sectors. The praise for Tesco's approach – largely built around their well-documented use of Clubcard data – is perhaps a little overdone, especially as the wheels came off the marketing juggernaut in the 2011 pre-Christmas season.

The sections on designing a strong marketing organisation are full of useful advice. The recommendations build on a strong 'Commercial Operating System' and demand a hybrid matrix with some clear accountabilities and an 'integrator' to ensure that all the disparate roles found in today's marketing departments are facing in the same direction. Amen to that.

Freeling draws on a strong hinterland to make this book come alive. And the concepts will stay with you long after it's back on the bookshelf. ■

Agile Marketing: How to Innovate Faster, Cheaper and with Lower Risk, Goldingtons Press, 2011, £29.99

The bustling beat of Brazil

Gabriel Aleixo recovers from the Rio Carnival and rejoices in the vibrant growth of the Brazilian economy

TUDO BOM? I don't want to make you jealous as it's not the Brazilian way but it's late summer here, and we're still recovering from the onerous business of Carnival partying, where 80% of the annual beer consumption takes place in about a week and about five million people gather to party in Rio alone.

This year, we had more than usual to celebrate, having been surprised to hear we've become the world's sixth largest economy behind France and ahead of the UK. I think the fact we were slightly surprised says a lot about Brazil and the way things are here.

For a start, we don't tend to keep score, unless it's a football match of course and we tend to look towards America rather than our neighbours for comparison and aspiration. We know we're the biggest economy in South America and we're proud of being part of the BRIC growth phenomena but we're also self-consciously small compared with the USA and we tend to ignore China in case we get a complex about its scale too. And, to be honest, 2011 felt like a tough year here with growth slowing from 7.5% to just over 5%.

As a middle-class person who went to school in the 1980s, I'm of a generation who were always told 'Brazil is the country of the future', but we stopped believing it because it never appeared to come true, with decades of economic mismanagement and impeached Presidents. So to discover we've overtaken one of the major economies of the world was a thoroughly pleasant surprise, creating a great deal of positive press comment and reappraisal of the government's record. I have calculated that even at 5% growth per year our economy would grow from roughly £2,000bn to £3,000bn by 2020 while the UK at the current 0.2% would grow from £2,000bn to just £2,030bn.

> Perhaps because of the bumper-to-bumper traffic and the extremes of wealth, São Paulo has the world's largest fleet of helicopters

I live in São Paulo, which by our own admission is perhaps one of the ugliest cities in the world but it has a wonderful vibe so we forgive it almost everything. We tend to say people go to São Paulo to work and Rio to party but in fairness they have their fair share of both. Even the football rivalry is within the states more than between them. In São Paulo the rivalry being between the best team of course, Corrinthians, and the distinctly lame Palmeiras.

As the business capital, São Paulo is where most multinationals have their HQs, and apart from the grid-locked traffic it's a great place to live. Perhaps because of the bumper-to-bumper traffic and the extremes of wealth, São Paulo's claim to fame is that it has the world's largest fleet of helicopters. Unfortunately I've not yet managed to persuade the BrainJuicer bosses that a chopper is standard company issue here – I will have to keep working on that one.

When it comes to marketing and market research, we're full of contradictions. We're American in our love of long and frequent ad breaks but four years ago in São Paulo we banned outdoor advertising completely. I'd love to say it made the city a more beautiful place but I'm not sure anything could do that. We're famously proud of our beautiful women but last year a lingerie advert with our very own supermodel Giselle Bundchen was banned for being sexist, which was an interesting sign of the times.

Brazil has always had a creative spirit and in recent years ad agencies here have won a number of awards at Cannes and managed one of the top-20 best ads of 2010/11. Now, I don't want to get competitive again, but the UK failed to get any ads in the top 20, so perhaps it's not just the economy that's slipping.

The advertising and research scene here also follows the US model, with 81 million people connected to the internet. It's a sophisticated market with more and more research done online. And the high growth makes for confident, innovation-focused buyers who are keen to adopt the latest techniques.

If all this tempts you to set up an office in Brazil, just about the only downside is we love taxes here. In fact we love them so much that most businesses pay several of them, amounting to an overall rate of around 34%; but at least much of this is being successfully redistributed and bringing more and more people out of poverty.

I hope the Olympics works out well for you this year; we don't really do running and jumping and all that caper but we're looking forward to showing you how to play football here at the next World Cup.

Tchau, boa sorte. ■

Gabriel Aleixo, managing director, BrainJuicer Brazil
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Who is entitled to be entitled?

Andrew Melsom believes it's time to reintroduce common courtesy to the workplace

PARENTS WHO have brought up their children to say please and thank you and to introduce themselves to anyone by looking them in the eye will be sad to learn that, when those same children enter corporate life, their behaviour changes to a sub-prime tendency.

'The default position taken by many client marketers and their procurement cousins has moved into new territory where agencies, in particular, expect to be treated slightly badly,' said one agency CEO.

The excesses that demonstrate client entitlement behaviour include, but are not limited to:

- Pompous briefing for a first meeting with the question: 'Why should you be on the shortlist?'
- Demanding a pen from an agency junior and then using it to stir tea.
- Creating a climate of permanent tension and the prospect of the agency being fired (often cultivated at brand manager level).
- Men remaining seated with a shortage of chairs when women are in the room (their mothers would slap them if they did this in civilian life).
- Not responding to days of exhausting work, having completed RFIs, RFPs and the like – documents go through procurement into the 'dead zone'.
- The expectation that it will always be the agency that summarises the meeting held on a Friday afternoon.
- An agency gives an answer to a question about its capacity and capability in an introductory meeting, and the client says: '…or so you claim!'
- Assuming agencies pay at all times – most notable while travelling when some clients are reduced to the status of children on a school trip.
- Inability to conceal contempt for the creative process – not agreeing to face-to-face meetings.
- Keeping people waiting – the most acrid show of entitlement – in one case for 36 hours.
- Allowing people to eat during presentations (or emailing) – that's very common in the international arena.
- Setting rigid time lines to agencies, and showing easy contempt for the deadlines set for themselves.

Et cetera, et cetera. Entitlement is even recognised as a syndrome in the legal profession where some lawyers fantasise about their unlimited brilliance and power and inflate themselves beyond anything their achievements would permit. The suggestion is that, now times are harder, marketers can prey on agency insecurities through behaviour that would be unacceptable in any social sphere. When I was asked to go and see a client at a telecoms company recently, no room was booked, the person I was seeing continued on his mobile – encircling me in reception – without so much as a thumbs-up; 45 minutes later the meeting in the canteen was unproductive. The client was eventually fired and became an extreme user on LinkedIn.

There must come a point when a young marketer knows that, when they have not read the pre-read paper, or booked a room or if they pop in and see someone 'on the way' to the agency meeting, what they're doing is against the basic polite doctrines taught in the nursery. So, what is it that turns them from beautifully bred agents of propriety into corporate ogres?

'This is something that has happened over time, and has become endemic,' said one client marketer who is aware that a dismissive attitude exists within his own company. 'There are various factors such as technology, procurement, poor induction and poor examples being set by seniors.'

LEADING BY EXAMPLE

It doesn't help that a procurement department, for example, is taught to 'squeeze them until the pips squeak and then squeeze them a bit more'. What does this teach young people other than contempt for their suppliers? One procurer, who has since moved roles, told me that the internal presentation of achievements at the end of each year was like the convention scene from the 1990 film *The Witches*, with awards dished out for misery inflicted.

Given the scrolls of emails today, it is more or less accepted that they need not be answered. Place this in the context of a young account person desperate for work to be approved or just wanting the reassurance that his or her missive is being considered. Not replying is seen as an actively hostile expression of entitlement.

Is the agency world entirely guilt free? Of course not – everyone knows that. They can be arrogant, slow, expensive and inflexible. But you discover that, like children, if you just rail against their right to float about uselessly you will experience none of the joy (such as it is) that they can bring.

A guiding principle could be to take the definition of a gentleman that I was always taught: it is someone who makes everyone around them feel comfortable. If this ditty alone was imparted to young marketers at the point of joining, it would be a great start. ■

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Stop feeling guilty, learn to trust your instincts

We feel we must justify our choices logically. But **Rory Sutherland** says instinctive decision-making is what we do naturally and may lead to the best outcomes

IT MAY be a procurement form, asking you to assess four agencies in a pitch. Or an appraisal form. Or a judging form for an awards jury.

In each case, the thing is broken down into seven sections, each demanding a separate score on eight or more different weighted measures: Strategy – 20%, presentation – 10%, execution – 15% ... and so on. 'Oh, God,' you think to yourself, 'do I really have to go through with this shit? Can't I just *decide*?' But you are careful to suppress this emotional reaction, and dutifully complete every section.

The idea behind these forms seems entirely rational. It suggests that the way we should decide on any course of action is by using a 'balanced score-card' approach. You take various attributes and then apply a weighting according to the importance of each attribute to the overall decision.

The reason we feel such discomfort when presented with these forms is that, in reality, we do not instinctively make decisions in this way – or few normal people do. When no one is around to insist that we justify our decisions, even our most important choices – whom to marry, what house to buy – are made without recourse to mathematics.

But we never reject the forms when they are handed to us. Or question the methodology ? Why not? Because, even though we hardly ever reach decisions in this way in real life, we feel that we really should. But should we?

This question is important. It is at the centre of a debate encompassing economics, psychology, business and even philosophy . And it is at the centre of a feud in behavioural economics between Gerd Gigerenzer and Daniel Kahneman. This debate should now extend to business and government.

At present, business decisions are not like personal decisions. Unlike real life decisions, business decisions must seem to have been arrived at through some rational, mathematical process. Since numbers enjoy an automatic semblance of objectivity, any mathematical approach will make a recommendation far easier to promote and defend than one arrived at by unquantifiable means. In the event of failure, it is far less likely to result in the loss of your job than one arrived at through instinct. Yet simply because a decision has a great rationale may not mean it is a great decision.

First of all, few important things in life are linear, or even numerically expressible. And few qualities are truly independent. BBH are not being mathematically immature when they say a great advertisement is '99% idea – and 99% execution' – they are actually showing a very good understanding of how interdependencies work.

In real life we make decisions not with numbers but with heuristics. Rules of thumb which, though less amenable to numerical notation, seem to work. We choose by deploying one heuristic first and, in the event of a draw, move on to another.

What makes Gerd Gigerenzer's standpoint so surprising is that he thinks that our real-life, instinctive modes of decision-making may not always be second best: in a world of uncertainty they may not only be faster and cognitively more efficient than numerical reasoning, but may produce better decisions.

Just as professional cricketers and baseball players (who instinctively use heuristics) are better at catching balls than mathematicians (who use equations), so the use of heuristics in business may be better than mathematics.

A few years ago I withdrew from buying a house because I did not like the seller, who seemed (he worked in finance) slightly psychopathic. The decision proved good – it later emerged that he had moved the boundary fence. But my use of a seemingly trivial 'vendor-likeability heuristic' in a £500,000, 10-year decision would have seemed insane had I been operating in a business context. But I was still right. Arguably, if our bankers had used a simple heuristic – 'If something seems too good to be true, it probably is' – rather than complex, self-justifying mathematical models, they wouldn't have got into such a pickle.

We all known for years that brand fame is a vital aid to sales, but our inner Presbyterian has always worried that consumers are silly being motivated by such things – when they 'should' be comparing product attributes and weighting them on a matrix. Yet a Gigerenzerian would retort that, for anyone trying to avoid buying bad products, the use of brand fame as a filter can be a very astute strategy.

If it's good news for marketers, the same cannot be said for economists. On reading his theories, the *Financial Times*' Tim Harford was forced to conclude that 'Gigerenzer's rules could mean the end of economics as we know it'. ■

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