

Chapter 1

The New Marketing Landscape

To Survive Here, You Need to Be Able to Deal with Complexity and Speed

Marketing successfully to an ever-shifting audience is always challenging, but even more so in a time of more *and* less. We have more channels for connecting with people, dozens of customer touch points, mountains of consumer data, and a global reach. But we also have closer scrutiny of marketing spend, a focus on consumer privacy, and less time to make critical decisions and deliver a message to a much more empowered (and possibly jaded) audience. In an era of Big Data and advanced analytics, of multiple screens and marketing-intolerant customers who can shut them off, what's the best path ahead? And how do we know what factors are creating customer engagement and driving profitability—not just today, but over time?

Let's start by taking a look at the megatrends or *tectonic shifts* that have changed the way we produce and access information. Then we'll explore how these shifts have changed the way consumers behave.

Tectonic Shift #1: More Media, Devices, and Disruption

For years, access to media meant TV, radio, billboards, and other content produced by large, centralized entities sending down content from the upper echelons of advertising, marketing, and communication. Now media is in the palm of every consumer's hand, and everyone is a producer. Smartphones, tablets, and more devices have enabled a major disruption in the flow of information, moving it from *broadcast* and *controlled* to free-form, decentralized content created by almost anyone. The proliferation and fragmentation of channels have led to shorter attention spans and less time spent by the consumer in any one channel. (See Figure 1.1.) Accordingly, spending has shifted (and continues to shift) from concentrated mass media to more data-driven, direct, primarily digital channels.

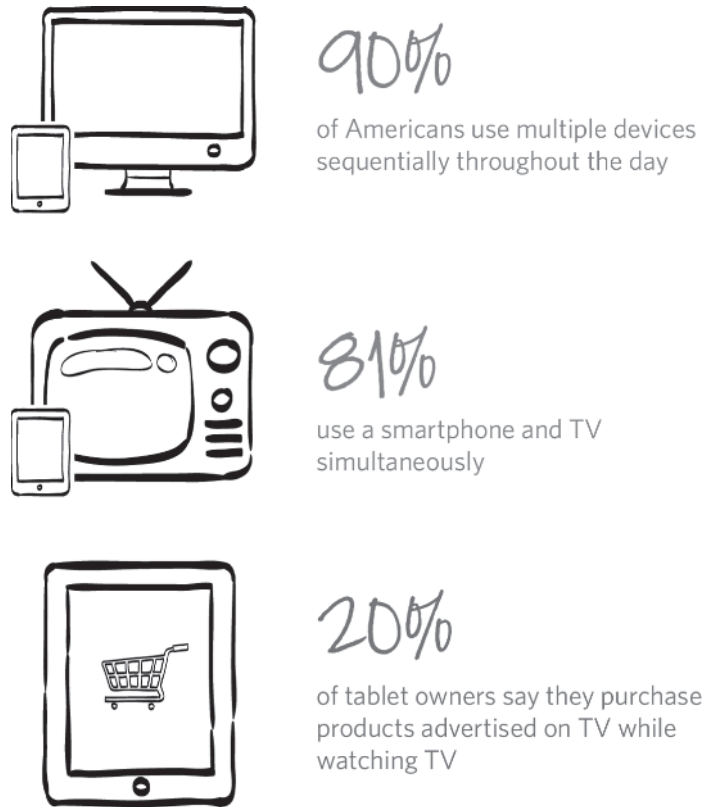
Tectonic Shift #2: The Data Deluge

More and more media is digital, meaning that media and channels are generating and consuming massive amounts of data, leading to the proverbial *data deluge*. Data is now available everywhere, on almost every topic—and individual consumer. Digital channels not only allow instantaneous connections but also generate huge amounts of data about a consumer's activities and interests. In fact, one week of web behavioral data is equal in size to an entire marketing database's volume 10 years ago.

This data is shifting from controlled and regulated to decentralized and self-curated. So user-generated content, such as a crucial tweet, can move faster than the traditional powers—government and private industry. For example, when American Apparel tweeted its ill-considered “Hurricane Sandy Sale” in 2012, consumers took to the Twittersphere and created their own storm of disapproval. In just one day, the sentiment score for the company decreased by 60 points, according to *AdWeek*.

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New Devices and Ways to Use Them

Figure 1.1 These statistics from Nielsen and Statista show that consumers are changing the way they use their multiple devices to interact with brands.

Tectonic Shift #3: The Infrastructure Goes Global

The marketing landscape used to seem narrow and fairly defined for all but the biggest brands. Now expanding digital channels extend that

landscape significantly. The focus can be global for brands that want to be global, and local for those that want to stay that way. The Internet (and especially mobile) knows no geographic bounds. You can reach customers in Hong Kong as well as those around the corner, if you choose to take that route and invest the money to do it right. You can tailor your message to their culture and language. And you can distribute your product with remarkable efficiency—or fail by thinking it's easy and disappointing your customers (and triggering ripples of wider consumer disappointment). The challenge for many organizations would be unimaginable a decade ago—taking full advantage of globally distributed transactions while providing localized support.

Tectonic Shift #4: Digital Channels Create Opportunities for Companies of All Sizes

Sophisticated multichannel marketing used to be the domain of only the largest companies with big marketing departments and complex technologies. Today, mobile and social media are great normalizers and equalizers. Anyone can have a Facebook page and a Twitter feed. They can quickly populate it with content—and customers can help. A small or emerging business can have global reach instantly, and at a very low cost.

Tectonic Shift #5: The World Moves Faster Than Ever

Traditional marketing—and by that I mean marketing from a decade ago or even less—looks really slow from our current vantage point, while the landscape looks far bigger (and harder to traverse) than in the past. Now that traditional marketing has shifted to digital media, now that marketers are interactive marketers, now that consumers are *always on*, the speed of change is faster than ever—for customers and the brands that serve them. Brands have the unequalled opportunity

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to be connected in real time to customers, as well as the challenge of delivering a unified customer experience in a multichannel world. Consumers expect a lightning-fast response from their brands—to a request, complaint, or review. They want respectful, responsive service. In fact, 71 percent of consumers agree: valuing their time is the most important factor in good customer service. And the stakes are higher, since one customer's dissatisfaction can quickly spread. But get it right, and consumers spread that news as well.

No one has enough time, creating a degree of time starvation that is reflected in all aspects of consumer behavior. For marketers, this lack of time means that you must be agile, delivering information designed to be consumed and understood quickly. And dynamic content generation speeds the whole process even more.

Tectonic Shifts Drive Crucial Changes in Consumer Behavior

What have these tectonic shifts done to affect the way consumers behave? Plenty.

- **Consumers are never more than an arm's length from all the information in the world.** They can communicate with each other (and brands), engage in social media, and conduct research on products and much more—anytime, anywhere. And *always on* means being in a shopping state of mind. On average, 73 percent of participants in a recent study visited a retail location after receiving a location-aware text message. And 61 percent made a purchase as a result of the message, according to eMarketer and Forrester Research.
- **Consumers are connected to each other in new ways.** The news (good or bad) spreads faster than ever. People talk, tweet, post, and blog. And their reach is just as broad as ours as marketers. Every citizen-buyer is a marketer now, just like everyone is an



Peer Reviews Matter

Figure 1.2 Millennial consumers are more likely to trust their peers than brands, with 50 percent reading reviews on their mobile devices while shopping (versus 21 percent of nonmillennials, according to Forrester Research).

on-the-scene reporter—whether they choose to take advantage of that role or not.

- **The purchase path is nonlinear.** Consumers are making decisions in real time, wherever they go. Customers are making buying decisions all the time—on their tablets, on their phones, or at work when they're supposed to be doing something else. The path to purchase is now less of a journey and more of a *decision space*, where consumers enter and leave based on their readiness to buy—and the ability of marketers to move them into that zone.

Marketing interactions, once quarterly or monthly, are happening all the time, and in exponential numbers. A major marketing organization may have thousands of campaigns running all the time. In fact,



Figure 1.3 Everywhere commerce turns shopping inside out. Purchasing can take place anywhere or any time a consumer has access to a screen. By 2017, mobile commerce will account for 26 percent of U.S. retail e-commerce sales (eMarketer).

the word *campaign*—implying a long, concerted effort—may no longer apply. It's more about marketing *interactions*—small, focused, agile efforts aimed at achieving a near-term goal while building deeper, long-term customer connections.

- **Social media has a powerful voice.** Thanks to ubiquitous social media, *global* and *local* are more intertwined than ever. The ripple effects of events happening across the world—of revolutions, extreme weather, economic trends, and more—have a local impact, good or bad. One image of your company's product or logo in the wrong place at the wrong time can undermine years of good intentions.

- **Consumers have high expectations.** Particularly among younger consumers, the expectations for content and communication are high, boosted by Amazon.com, YouTube, and much more. Consumers expect relevant recommendations at the right time. They expect consistency across all channels. And video and other rich media aren't an exception anymore. They're the standard, and that standard continues to grow. To be effective, marketing needs to be in the media vernacular of the moment, or (ideally) ahead of that moment. After all, 65 percent of your audience learns visually,



Targeted Messaging Benefits Consumers

Figure 1.4 Consumers are more likely to opt in and exchange privacy for relevant messaging that they see value in. Eighty-one percent of recipients of e-mails containing personalization drawing from previous shopping behaviors and preferences are more likely to increase their purchases. Thirty-one percent are willing to share a mobile number, and 32 percent are willing to share their social handles (eMarketer, National Retail Federation).

according to WebDAM Marketing Trends for 2014. And visual data is processed 60,000 times faster by the brain than text is.

- **Information about a consumer's experience and emotion are widely available.** In the past, we had to rely on focus groups and anecdotes to understand the emotional feelings of consumers. Today, through social media, most consumers are volunteering lots of information about how they feel. This information, along with low-cost surveys, allows brands to actively use emotional data as an aspect of their audience selection and segmentation.
- **Consumers will be willing to trust you if you get it right.** If brands deliver on their promises, personalize communications, create relevant offers, and respect privacy, consumers can still express old-fashioned loyalty. It just may not last as long as it used to.
- **They control the message.** The balance of power has shifted from brands to consumers. And the impact of consumer empowerment cannot be underestimated. Yes, there are more and more channels and consumer touch points. But the consumer has the power to turn off, delete, and block messaging. So respecting consumers' time and intelligence is even more important than ever. Otherwise the all-important customer connection can be diminished or even lost.

What Does an Empowered Consumer Mean?

The empowerment of consumers with new, faster ways to communicate globally can be a blessing or a curse to brands. On the plus side, the world is your audience—more prospects, customers, and potential revenue. We, as marketers, are delivering programs into the marketplace that are driving tremendous results on a scale that couldn't have been achieved in the past. But consumer empowerment also means that brands have to consider the potential social impact—at all levels, from manufacturing to marketing. No apparel company wants to be the brand behind a collapsed sweatshop in Southeast Asia. No organization

wants to do anything that it wouldn't want to see in its customers' Facebook Timeline or Twitter feed. No technology brand wants to send out a marketing message that manages to offend a faraway nation. All the impact comes back home now, faster than ever.

One fact is clear—the consumer is increasingly in the driver's seat. Ordinary people are seizing an extraordinary ability to change the way they communicate, buy, and live. This disrupted, consumer-driven marketplace opens up new opportunities for marketers to deliver relevant information and offers that meld seamlessly with the consumer's lifestyle. But it all starts with making stronger, deeper customer connections.

An empowered consumer creates very different marketing experiences, more complicated buying patterns, and a higher degree of uncertainty about what consumers will do. As we move into the future, "we must become more comfortable with probability and uncertainty," says Nate Silver, renowned statistician and predictor of everything from baseball to presidential elections. This insight points toward a much more fluid, ever-changing world. In that context, successful marketing needs to recognize that there's not one predefined path for every consumer. Every action triggers a reaction and multiple paths forward. Marketers need to anticipate and predict consumer needs as accurately as possible by using data, insights, and the wide array of tools now available. Only then can we ensure that marketing is relevant and effective.

Marketing Isn't a Mystery Anymore

Consumers are smarter about marketing now. Back in the day, they just passively accepted whatever came through their TVs. They didn't have a choice. It was just *there*. Now, thanks to a broader awareness of what marketing is, people know when they're being marketed to—and they have the power to block, ignore, undermine, or opt out of the deluge of messaging and media coming through all of their many screens.

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After all, we live in a multiscreen world—which is great for reaching more prospects via the channels they choose. But more marketing can also mean messaging overload, customer fatigue, and diminishing returns. And the consumer holds the device—whether it's a mobile phone, a tablet, or a laptop. So consumers are in control. They will choose the channels that deliver the most relevant experience and seamless buying process, and will ignore the rest.

Meet the Me Economy

The marketing landscape used to be simple and limited. If you wanted to buy a television set, you went to an electronics store, compared models, and bought one. Now, you would probably do some online research, compare your options (Amazon vs. brick-and-mortar stores), and buy via the channel that offered the best value and experience. The purchase path may be very nonlinear and highly idiosyncratic to the individual buyer, brand, category, and product. In short, the herd mentality is over, as are the days of thinking about buying in terms of research, purchase, and loyalty. Now we're dealing with *economies of one*, the so-called *me economy*—where content is personalized for everyone, where micro-transactions happen every moment, where consumers filter messages, and where social and virtual currencies may be as important as hard cash.

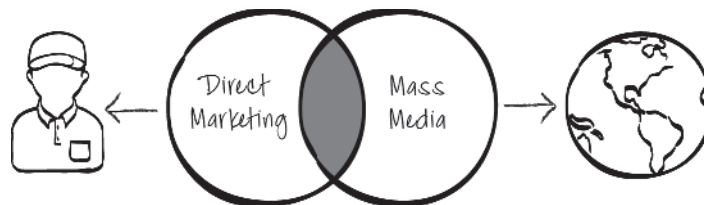
What Do These Shifts and Trends Mean to You?

To be successful, marketers need to be relevant, in the moment, enabled at the transaction level, creating an emotional connection, and super-agile, so you can adapt to rise above the noise. As we'll see in the next chapters of *Igniting Customer Connections*, brands like yours need to take full advantage of the current marketing landscape, with all its megatrends and consumer behaviors, to build better business outcomes (e.g., brand and business equity) that will propel it ahead.

How? By focusing on a powerful combination of customer experience and engagement. And it all starts by creating strong *connections*, which we explore in detail in the next chapter.

Marketing Converges

For years, the worlds of direct marketing (with its disciplined focus on marketing to identified customers or prospects) and mass media (focused on broad-based exposure) existed in separate universes. Mass marketing slowly gave way to direct marketing, which offered more measurable outcomes, better targeting, and more agility. Today, they can be combined, thanks to digital channels and the ability to manage large sets of information. This convergence gives marketers new opportunities to combine the best of both disciplines—the reach of mass marketing and the targeting of direct marketing—creating innovative, powerful approaches.



*The Converging Worlds
of Marketing*

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- The marketplace is fast, fragmented, and fueled by empowered consumers.
- Engaging with today's consumers means meeting them on their terms.
- Omnichannel consumers are the new norm.
- Consumers are fickle.
- Consumer-driven content has a major impact.
- The new marketplace demands new marketing approaches.

