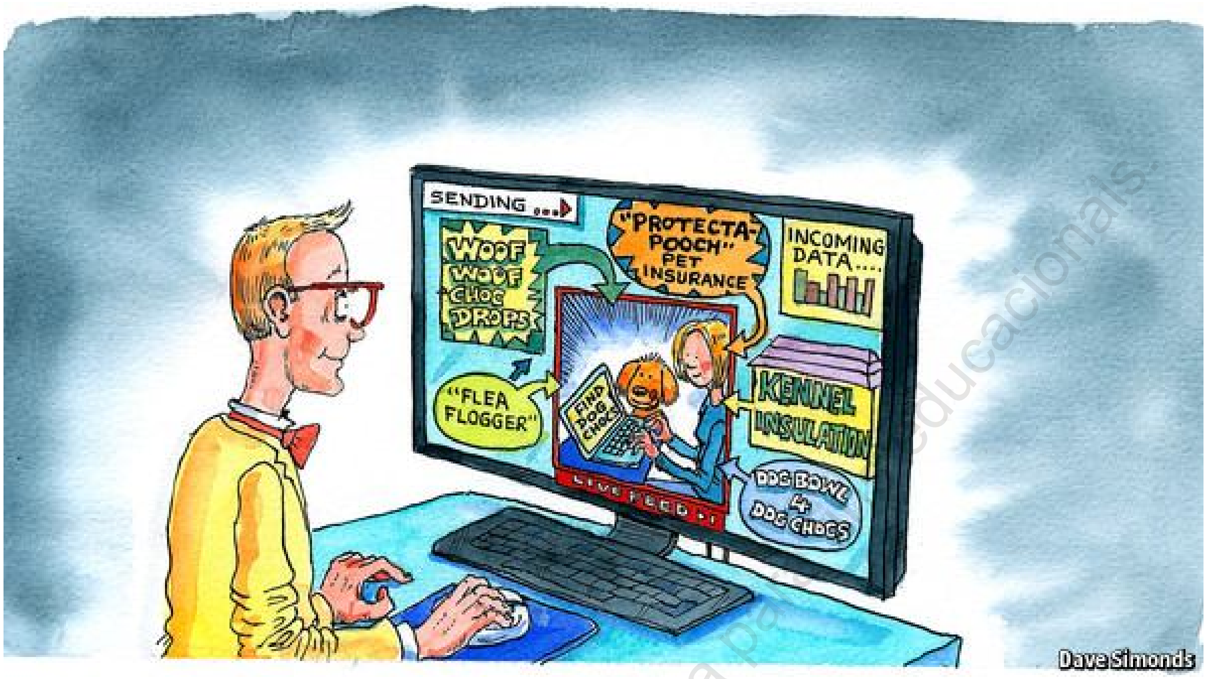
Less guff, more puff

Thanks to new digital tools, marketing is no longer voodoo



When a power cut interrupted this year's Super Bowl, advertisers lit up. "Sending some LEDs to the @MBUSA Superdome right now," tweeted Audi, swiftly plugging its own LED-accented car while taking a dig at its rival Mercedes, sponsor of the New Orleans Superdome. Tide, a detergent, came up with: "We can't get your #blackout, but we can get your stains out." But by general consent Oreo won the tweet-off with "Power out? No problem. You can still dunk in the dark." The biscuit baker's reward: 16,000 retweets and 20,000 Facebook likes.

Super Bowl TV commercials are the Broadway spectaculars of the marketing world, broadcast to millions. The blackout banter is more like improv, created on the fly for a select audience. Marketers these days must master both. It is not easy. Lightning reflexes have never been part of a marketer's toolkit. Chief marketing officers (CMOs) "used to deliver big iconic brand ideas on a seasonal basis," says Luke Taylor of DigitasLBi, a digital advertising agency. Some "are outside of their comfort zones".

Nearly 40% of CMOs do not think they have the right people and resources to meet their goals, says an Accenture report entitled "Turbulence for the CMO". Martin Sorrell, the boss of WPP, the world's biggest marketing and advertising group, says that since the 2008 financial crisis marketers have been elbowed aside by finance and procurement chiefs. Dominique Turpin, the head of IMD, a Swiss business school, writes that "the CMO is dead".

Yet some have never felt perkier. With new digital tools marketers can reach the likeliest customers when they are most in the mood to buy. Last summer Wall's ice cream and O2, a mobile-phone network, teamed up to send advertisements to Londoners' smartphones when temperatures climbed. When the weather cooled Kleenex, a brand of tissues, used Google search terms and health-service data to target ad spending to areas likely to suffer the most sneezes. Andy Fennell, the marketing boss of Diageo, a drinks firm, thinks this is "a golden era for brand builders".

From campaign to conversation

On Super Bowl Sunday, Nestlé's "digital acceleration team" (DAT) gathered at the food giant's headquarters on Lake Geneva to see how other brands' TV spots echoed in social media. They watched as the blackout "completely changed the equation", says the team leader, Pete Blackshaw.

The setting was a situation-room-like studio, where the focus is normally on how Nestlé's own products are faring among electronic opinion-formers. A glowing map shows where social-media buzz is liveliest. A screen records that Kit Kat bars were the subject of 164,462 recent posts on Twitter, Facebook and the like. Of these, 73% were positive. (Though it is hard to imagine why anyone would complain about chocolate. What's not to like?)

Kit Kat captured 34% of the chocolatey chit-chat, reveals an illuminated pie chart, while Snickers did better, with 39%. If sentiment droops, "community managers", many of them DAT alumni, can swoop in to soothe a malcontent or suggest a fix. Such give and take has "radically changed the relationship between our brands and the consumer", says Patrice Bula, Nestlé's marketing chief. "Today we have really entered the age of conversation."

This helps explain why marketers are feeling both potent and panicky. Instead of just lobbing messages out into the void, they must now act as customers' "ambassadors", says David Edelman of McKinsey, a consultancy. And that is tricky.

Most middle-class consumers will be Asian within a couple of decades. Pop culture can pop up as easily in Gangnam as in Harlem. Technology keeps giving marketers new ways to reach consumers and learn about them. The ensuing flood of data may drown creativity, some fear. Under constant pressure to prove that what they do is effective, "the next generation of marketers may not be able to be as intuitive and creatively inspiring as their predecessors," worries Grant Duncan of Spencer Stuart, a recruitment firm.

The biggest shock, say marketers, is the schooling in humility that comes with round-the-clock conversation. Consumers are in charge. They can comparison-shop from their couches or badmouth brands via Facebook. They will not tolerate shoddy quality or sloppy ethics. In 2010 Nestlé fought campaigners who said the palm oil used in Kit Kat caused the destruction of Indonesia's rainforest. Now it is at pains to be orang-utan-friendly. British snackers can scan a QR code on some Kit Kat packets to assure themselves that the cocoa is harmlessly sourced.

But deference is double-edged. Brands want deeper and more profitable relationships with consumers in exchange for the trust they hope to inspire. Marketers are stretching their notions of what brands stand for and smudging the distinction between advertising and entertainment. The lines between marketing and other disciplines within a firm are fading. Brands want to be antidotes to cynicism. But this will not divert marketers from their main task, pungently summed up by an ad exec: "to figure out and fuel consumer desires like they've never been fuelled before."

Happy-clappy about nappies

Did you think Special K was a breakfast cereal? It is so much more. MySpecialK, a website, will advise you on diet, exercise and overall well-being. Do you pay attention to Nike only when your running shoes wear out? Then you don't wear a Fuelband, which will record your workouts and upload the data to the internet every time you charge it. The point of Pampers is not to sell the most nappies but to help mothers raise happy, healthy children, writes Jim Stengel, a former CMO of Pampers' owner, Procter & Gamble, in a recent book. From that flow "endless possibilities for growth and profit".

If brands are to rise in the world, so must advertising. A medium that traditionally earned its keep through interruption now aspires to be sought out and shared. "There used to be ads and then content," says Mr Fennell. "Now there is just good content and bad." The advert could come in the form of a mobile-phone game like Captain's Conquest, a hunt for high-seas booty that promotes Diageo's Captain Morgan rum. Or it could be a televised chronicle of the travels of Alexander Walker II of the Johnnie Walker whisky dynasty, which drew an audience of 120m.

If only marketers could follow their customers as easily. They used to flow through "funnels": attraction (where consumer-goods marketers typically concentrated their efforts) was the widest bit, followed by conversion (the actual sale) and retention. Technology complicates this. A marketing manual put out by Google likens today's customer journey to a "flight plan", a zig-zagging odyssey of apps, shops, social-media sites and online searches conducted on both fixed and mobile devices and unique to each shopper.

To chase consumers around, CMOs are pinching marketing techniques from other industries. Customer-relationship management (CRM) is used mainly by companies with enduring ties to consumers, such as banks and telephone companies. "Now you see CRM methodology in places where it had not been applied before," says Marco Rimini of Mindshare, a part of the WPP group. Although makers of packaged goods such as nappies and toothpaste will still deal with consumers mainly through retailers, they can now establish direct relationships. The more marketers learn, the more they will tailor their come-ons to what they think shoppers want.

It is getting harder to tell where puffery ends and providing a service begins. Paul Kemp-Robertson of Contagious, a marketing magazine and consultancy, points to the Fly Delta app, which tracks passengers' baggage and lets them peer through a virtual glass bottom to the ground below their flight. Australia's Commonwealth Bank offers a house-hunting app that identifies the house, shows its price and helps the prospective buyer find a mortgage. "Adaptive marketing", which varies messages as audiences and circumstances shift, should be as fast as journalism, says Nick Emery of Mindshare, which devised the Kleenex campaign. Or faster. Nike found 21,000 ways to tell people to "find [their] greatness".

The best trick for CMOs who want to impress the boss would be to measure just what marketing is doing for a company's bottom line. Los Angeles-based MarketShare (no relation to Mindshare) is one company that claims to be cracking this hoary problem. With more data and new ways of analysing it, a CMO can now predict what mix of media will achieve a company's sales and margin targets, says Heath Podvesker of MarketShare.

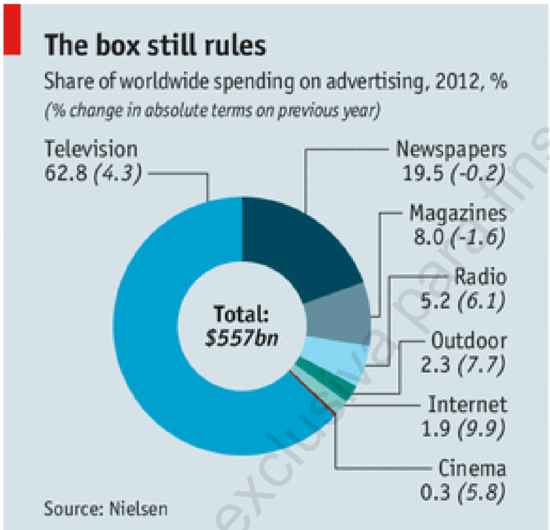
Actually, marketers are not as clueless about that as they are said to be. The smartest were using econometrics to measure marketing's payoff in the 1980s. Digital advertising made that easier in some ways (advertisers could pay per click) but added bewildering complexity. Now marketers are beginning to get to grips with it by measuring how various media affect each other. MarketShare touts the case of Electronic Arts, which was spending too much on television and cinema advertising and not enough on search advertising and YouTube videos to promote its "Battlefield" video game. After cutting television's share from 80% to half and boosting spending on video and paid search, sales of the new version jumped by 23%.

This is good news for CMOs. MarketShare reckons that companies spend too little on marketing overall and that the right answer is not always to put more money into digital. Sometimes the algorithms counsel investment in print and television, which is heartening to marketers wedded to the storytelling side of their craft. No longer need CMOs creep diffidently into the chief financial officer's lair.

But to stride in jauntily they will have to change the way they work. Gartner, a consultancy, has predicted that by 2017 they will spend more on technology than their companies' chief information officers. Already 70% of big American firms employ a "chief marketing technologist", says Gartner. With the shift in emphasis from set-piece campaigns to rapid responses, CMOs need more people working directly for them. This is putting into reverse a 20-year trend of favouring "working spend" (what consumers see) over "non-working spend" (overheads), says Dominic Field of the Boston Consulting Group.

Some companies are pulling marketers off the sidelines and onto the pitch. Land Rover, which like many engineering firms had a tradition of connecting with customers only sporadically, signalled a change in approach not long ago by hiring a new marketing chief, Patrick Jubb, from Vodafone. His brief is to cultivate relationships with owners and potential owners of luxury SUVs every bit as intimate as those between a mobile-phone network and its subscribers. “Marketing now works much more closely with the design and engineering teams in sharing a new product with the world,” says Mr Jubb. After dropping to less than two years in the mid-2000s, the average tenure of a CMO at a big-spending American firm has climbed back to 45 months, says Spencer Stuart. That suggests a recovery in jauntiness.

Still, a gap yawns between what CMOs could do and what they actually do. The left-brained bent that the job now demands “is not part of where their experience has been”, says McKinsey’s Mr Edelman. But CMOs are learning. Mindshare installed an “adaptive lab” in its London headquarters to educate them. DigitasLBi teaches its clients that not every utterance about a brand needs to be vetted by lawyers. Next time the floodlights fail, more marketers will know what to do.



Fonte: The Economist, London, v. 407, n. 8836, p. 69-70, 18 a 24 May 2013.