THE EVOLUTION OF RETAIL MARKETING

BY JOHN TORELLA

J.C. WILLIAMS GROUP
THE EVOLUTION OF RETAIL MARKETING

THE EXPERIENCE OF PRODUCT, PRICE, PLACE AND PROMOTION AS TOTAL EXPERIENCE

BY JOHN TORELLA
Traditional retail marketing/communications is at a seminal point in its development and things will never be the same again.

1. **EXPERIENCE/INSTINCT TO BIG DATA VIEW OF THE MARKETPLACE**
   Experience and instinct will always be important; now big data is being added to make better decisions.

2. **INFORMATION TO INSIGHTS**
   Understanding the inner nature of things. See them in a new, intuitive way.

3. **CONSUMER OF THE FUTURE**
   Identifying the new consumer segments. How to get their attention and engagement.

4. **TOTAL EXPERIENCE BRANDING**
   The sum total of all the experience a customer has with you over the duration of their relationship.

5. **ZMOT – ZERO MOMENT OF TRUTH**
   The pre-shopping/purchase search that occurs before the shopper reaches the in-store moment of truth.

6. **NAME, LOGO, LABEL TO BRAND**
   From labels to deep emotional and rational communication and engagement with your customer.
7. **NEW MODEL OF COMMUNICATION**
Moving from the traditional model to the new relationship model of the future.

8. **UNDIFFERENTIATED TO BIG IDEALS/IDEAS**
Simple, yet profound messages that make deep emotional connections.

9. **MEDIA CONFUSION TO MEDIA CLARITY**
The new and evolving consumer is at the hub of the change, from media recipients to accelerants.

10. **TRADITIONAL MEDIA CHANNELS TO DIGITAL**
The challenge is an optimal mix of both traditional (atoms) to digital (bits).

11. **NEUROMARKETING...LEARNING WHAT MOTIVATES CONSUMERS**
Tapping into the subconscious feelings, observations, and motivations of the new consumer.

12. **MARKETING ROI TO BRAND VALUE**
Move from a focus on financials to both Brand building and business building.

**GLOSSARY**
Who this book is for
The customer champion; the marketing/communications alchemist and revolutionary who sees communications and customer engagement as the driving forces of success.

End deliverable
More than anything else, this book is about using the concepts of new marketing to increase the Brand loyalty of the enterprise, unlock shareholder value, and provide long-term profitable growth.

Why now?
- There is a perfect storm brewing in the marketplace; a complex and diverse set of circumstances coming together to create a hypercompetitive environment.
- From the changing demographics and growing importance of the new millennials and their awareness and acceptance of digital media to a world of over capacity, too much choice and little or no loyalty. Commoditization and meaningless Brand differentiation is upon us.
These factors, combined with the loss of consumer trust and respect, are creating a new era in marketing/communications.

**The retail marketplace is radically different**

The consumer of the future is different, the competitive set is different, searching, shopping, and buying content and media are different. However, marketers continue to use applications that are no longer relevant and then wonder why they’re not getting the productivity they should.

This book has a real concern with magic, walk on water, one trick expertise that provides all the answers without really knowing the question; for an approach that has no sound base of research, information, facts, and results.

This book is based on a deep sense of experiences and expertise, an understanding and acceptance of changing consumer attitudes and behaviors. It lays out a set of objectives, a competitive strategy, creative skills, and the key executonal elements of products, store, service, and web.
END OF RETAIL MARKETING/COMMUNICATIONS AS WE KNOW IT AND THE EVOLUTION OF THE 4PS INTO TOTAL EXPERIENCE
INTRODUCTION

- Traditional retail marketing/communications is at a seminal point in its development and things will never be the same again
- Evolution of the 4Ps – product, price, place, and promotion – into total search/shopping/buying product experience as the driving force
- At the center of this seismic shift is the new age of the consumer and their total Brand Experience
New Marketing Mix

Product
Place
Promotion
Price

Total Customer Experience
The Age of the Consumer

**THE AGE OF MANUFACTURING**
Mass manufacturing makes industrial powerhouse successful

**THE AGE OF DISTRIBUTION**
Global connections and transportation systems make distribution key

**THE AGE OF INFORMATION**
Connected PCs and supply chains mean those who control information dominate

**THE AGE OF THE CUSTOMER**
Empowered buyers demand a new level of customer obsession

1900 → 1960
1960 → 1990
1990 → 2010

Source: Catalyst Retail Solutions
New Marketing Definition

- Strategic process to plan, create, produce, and evaluate all marketing/communications; both traditional and digital media
- Through entire path to purchase/use process
- To all stakeholders, both internal and external: management/staff, suppliers, investors, and, most of all, customers and prospects
- End goal: long term profitable growth; customer loyalty and advocacy
Evolution of New Marketing/Communication

FROM

1. Experience/Instinct
2. Information
3. Present consumer
4. Products/stores/web
5. FMOT/SMOT
6. Labels
7. Traditional communications
8. Undifferentiated communication
9. Media confusion
10. Traditional media
11. Neuroscience
12. Marketing ROI

TO

- Big data view
- Insights
- Customer of future
- Total experience
- ZMOT
- Brand
- New model
- Brand ideals/big ideas
- Media clarity
- Mix: traditional/digital
- Neuromarketing
- Brand equity
Experience/instinct will always be an important and vital element of marketing success.

Big Data View of the customer, competition, industry, and media is increasingly used to make better marketing decisions.

Massive amounts of data from both linear and circular services: POS, credit cards, RFID, loyalty programs, online contacts, CRM, search, and mobile.

Big data and its applications in marketing is more about the quality of data than the quantity.
● Defining dimensions: data from a variety of sources and formats; data in constant motion/real time; beyond normal scope of existing sources

● Why now? Quality and quantity of actionable data is faster and cheaper

● Ability to act quickly from information/insights/actions

● Competitive pressures: Amazon, Macy’s, Nordstrom, Target, Crate & Barrel
Big Data Marketing Usage

- **Cross-selling**: uses data from a variety of sources, e.g., demographics, purchase history, product preferences, channels and events: amazon.com “you might also want…”

- **Location-based marketing**: relies on smartphones to target customers in-store and close by with promotions, news, and customized information. The start-up Placecast claims more than 50% of U.S. customers have made a purchase as a result of location-based promotions.

- **In-store behavior analysis**: improves store layout, product mix, self-positioning, price promotions, footpath, time spent, video surveillance, shop-alongs, and mobile phone usage.

- **Sentiment analysis**: gauges and the real-time response to marketing campaigns and adjust accordingly.

- **Enhancing multi-channel experiences**: Williams-Sonoma has integrated customer databases with household information tracing income, housing values, and family size, and targets emails based on these insights. Results are 10 to 18 times more effective.
Big Data Marketing Usage

- **Media evaluation:** search intent/usage/relevance; credit card Branding and usage; loyalty program

- **Web design optimization:** online retailers are adjusting website placements based on data on page interaction such as scrolling, clicks, and mouse-overs, e.g., eBay uses big data to determine optimal layout, navigation, size of photos, copy, and headings

- **Customer micro-segmentation:** Big Data tools enable marketers to do more granular micro customer segments to achieve a new level of customization
Big Data Path to Purchase

CONSUMER DECISION PROCESS

WHAT OPTIONS/STORES ARE CLOSE TO ME?

WHO AND WHAT BRAND OPTION DO I THINK OF?

WHO AND WHAT BRAND DO I LIKE AND CONSIDER?

WHO WILL I GO OUT AND VISIT?

WHAT RETAILER AND/OR BRAND WILL I PURCHASE FROM?

Not in trade area

Don't think of

Don't consider

Visit frequently

Don't convert

RETAILER AND/OR BRAND DISTRIBUTION

OPPORTUNITY BY CATEGORY, PRODUCT, BRAND, SEGMENT, AND GEOGRAPHY

ENTER

Source: Catalyst Retail Solutions
Big Data: Bottom Line Enablers

- More complete and timely view of customers
- Use patterns to better predict purchasing/usage
- Strategically identify optimal promotional actions
- Explore and answer questions
- Adapt faster and more effectively
- Experiment by challenging status quo
Governance Issues: Big Data Marketing

- Fuelled by media hype and fears about loss of privacy have led many consumers to be suspect of Big Data and its application.
- These are legitimate concerns and need to be addressed to help build trust in the use of Big Data to create more personalized customer experiences.
The keys are:

- When considering the use of big data in any/all marketing activities, be sure to put the customer first. How will this information provide a better experience for the customer?
- Transparency is essential: tell the customer why it is being collected and how it will be used. How will their interests be considered and giving them choices.
- Before using data, consider the impact on your Brand—both positive and negative.
- Bottom line: the customer comes first.
VIDEO
Crate & Barrel
The Paola Navone Collection

Crate and Barrel brings a taste of the Mediterranean with this new Paola Navone collection. Tableware with all the sophistication and effortless style you would expect from this legendary Italian designer. Whimsical accents, pops of color and shapes that are timeless. Evoking an idyllic Mediterranean summer.
Insights...

- Are a result of understanding the inner nature of things
- Involve seeing things in new, intuitive ways; an introspective way
- Come from the power of observations, deductions and understanding of cause and effect
- Go far beyond research findings and observations
● They are deep, introspective understandings of the inner nature of marketing problems/opportunities

● Involve seeing things suddenly in a new way; an epiphany, an “aha!” moment

● They are usually the result of acute observations, deductions, perceptions, and deep cultural feelings

● Lead to breakthroughs; to innovation and creative ideas that are at the heart of every great campaign

**No Ideas = No Success**

● Great ideas, through their originality and relevance, have the power to propel campaigns forward with an energy that gains momentum across all media
Examples of Insights Into...

- Real and/or perceived weaknesses in product performance/experience
- Barriers in the minds of consumers
- Opportunities, assets, unmet needs.
Where Do Insights Come From?

- **Environment scanning**: from a wide variety of sources: industry, academic partners, and global alliances
- **Ethnographic direct**: firsthand observations of consumer behavior in shopping, buying, and product in use
- **Social anthropologists**: keep a finger on the pulse of contemporary cultural trends
- **Virtual/video ethnographic**: P&G has an online forum for women to tell their stories and learn about issues and opportunities, and entertainment views
- **Innovation teams**: provide fresh and different perspectives by inventing new games; bringing together athletes, manufacturers, retailers, resort managers
- **Super groups**: provide subject matter expert panels, e.g., GE Health Care division brings together 25 doctors, research scientists, and other luminaries to discuss the evolution of new ideas, technologies, and projects
Information to Insights: New Flow

- Target specific data needed to develop insights
- Change the way you run the business to leverage the insights
- Embed the insights into the way you go to market

DATA

INSIGHTS

ACTIONS

TRADITIONAL FLOW

RECOMMENDED FLOW

- Understand the relationships
- Develop the model
- Solve the problem

Source: Analytics: The New Path to Value, a joint MIT Sloan Management Review and IBM Institute for Business Value study. ©Massachusetts Institute of Technology 2010
New Marketing Dos and Don’ts

● RETAIL VS. BRAND CULTURE

DON’T: Underestimate the challenge of changing from a traditional product/price/operational focus to a Brand/customer culture

DO: Realize the focus, intensity, and consistency needed to deliver this new strategy

BOTTOM LINE: Stay the course

● CUSTOMER CULTURE KPIs

DON’T: Underestimate the importance of realigning your KPIs to support your new Brand and customer culture

DO: Establish specific relationship goals for management and staff

BOTTOM LINE: Remember that what gets measured/rewarded gets done
New Marketing Dos and Don’ts

• **IF YOU CAN’T MEASURE IT, YOU CAN’T MANAGE IT**

  **DON’T:** Rely only on opinion soft metrics, or anecdotal information

  **DO:** Establish a set of Big Data metrics to measure what matters and manage what counts

  **BOTTOM LINE:** Know vs. think

• **CORPORATE BRAND AS COMPANY ASSET**

  **DON’T:** Think of Brands/Branding as a black hole of costs, investments, and marketing hype

  **DO:** Think of the company Brand as a corporate asset that delivers both short and long term profits and Brand value

  **BOTTOM LINE:** Add corporate Brand value to the balance sheet
New Marketing Dos and Don’ts

● DIFFERENTIATE OR DIE

DON’T: Rely solely on the 4Ps to differentiate

DO: Add a total experience, online and offline, and every touch point under one consistent, holistic, and emotional experience that produces both rational and emotional benefits

BOTTOM LINE: If you are not different, you are a commodity and interchangeable

● RETAIL OF THE FUTURE IS ALL ABOUT DIRECT BRAND RELATIONSHIPS

DON’T: Just think about stores and e-commerce as the relationship challenge

DO: Think about every touch point, both online and offline, as an opportunity to engage the customer in a meaningful way and establish an important relationship

BOTTOM LINE: Don’t focus on just loyalty, but develop advocacy and raving fans
New Marketing Dos and Don’ts

**CUSTOMER OF THE FUTURE**

**DON’T:** Generalize about your customer

**DO:** Think about them as distinct segments. Focus not on how they are unique but more on how they are similar in terms of the core set of values/beliefs they have about your product/service

**BOTTOM LINE:** One thing we know for sure is the customer of the future is not one thing

**INTERNAL FIRST, THEN EXTERNAL**

**DON’T:** Start your Branding focus on external audiences

**DO:** Think about internal stakeholders as your first priority – management, staff, suppliers, and community

**BOTTOM LINE:** None of us is as strong as all of us; develop one vision with passion
New Marketing Dos and Don’ts

● IT’S NOT ABOUT ADVERTISING

DON’T: Think about advertising, but about good or bad advertising

DO: Think about communications and make sure these are direct, personal, and engaging

BOTTOM LINE: It’s a dialogue, discussion; talking with not to the customer

● WHO OWNS THE BRAND

DON’T: Think about the Brand as being owned by the company or customer

DO: Both of them having an important role to play in developing/detailing the Brand of the future

BOTTOM LINE: An integrated series of strategies and tactics by your company and an array of search, shopping, buying, and product in use activities by the customer
**Information to Insights: New Flow**

Google's innovative business model for profitable search

JetBlue's niche focus creates a premium, low cost airline

P&G gains new insights through collaboration

Diageo's balanced portfolio brands

Cadbury's disciplined metrics, linked to economic profit

Dell's direct personalisation and interactive supply chain

eBay leverages the scale and power of online networking

Toyota's lean thinking to work from the customer back

Microsoft rethinking it's customer propositions from the outside in

**INTELLIGENT THINKING OF EINSTEIN**

**IMAGINATIVE ACTION OF PICASSO**

CONSUMER OF THE FUTURE

Marketers Trying To Come To Grips With...

- Identifying the new consumer segments and their relative purchasing plans
- How to better get their attention and engagement
- How to better satisfy their search, shopping, buying, and product needs
Get Ready!!

- More than 80 million, Millennials (born 1977 to 1995) compose approximately 25% of the U.S. population.
- Millennials are a larger group than Baby Boomers and three times the size of Generation X.
- In Canada the estimates are that they will rise to over 10 million in next few years.

*Source: Marketing to Millennials, Jeff Fromm and Christie Garton*
Focus on Where the Puck is Going, not Just Where it is

- Millennials have grown up with personal computers, cable, music videos, video games, mobile devices, and search engines as daily activities.

- These interfaces have created actual physical changes in the way their brains work and the way they shop, buy, and use products/services.

- Their brains are wired differently and marketers need to be aware of, understand, and accept these differences.

Baby Boomers vs. Millennials!

**Baby Boomers**
- Accept diversity
- Priorities: financial gains, status
- Deal with technology
- Wait and see attitude
- Resist change
- Focus on career
- Talking
- Good educational backgrounds
- Unique: work ethic

**Millennials**
- Celebrate diversity
- Relationships/experiences
- Reset/reboot
- What they want, when they want
- Accept change
- Family/friends ahead of work
- Texting
- Most educated generation
- Use of technology
What Makes them Different?

- More adept writing code than speaking; rather text than talk
- Communicate differently; using smartphones and tablets as primary modes for staying in touch
- Live, work, play online: Facebook, Twitter, Flicker
- Live in an omni-channel, 24/7 universe
- E-commerce represents an increasing share of their retail purchases
- Millennials are constantly online; searching for info, sharing coupons/deal info with friends via social media apps; showrooming is way of life
- They trust what friends and peers say over traditional advertising
• Interested in more than the store, product, or web; it’s about consistency of total experience

• They are very interested in trying new technology-enabled shopping tools: payment tools, such as digital wallets, mobile apps or sites that offer reviews, product info, pricing, in-stock

• Millennials also love the in-store experience to discover what’s new, exciting, and different: displays, events, learning/growing classes, product demos
Millennials Want “More” from their Retail Experiences

PERCENTAGE OF AMERICAN ADULTS WHO AGREE

- I like when stores offer something a little extra that is different from day-to-day service, like a special event, speaker, or entertainment:
  - Millennials (18-32): 79%
  - Gen-Xers (35-45): 62%
  - Boomers (46-64): 51%
  - Total: 76%

- If the stores I like held special events (classes, entertainment, a speaker series, etc.) I would likely check them out:
  - Millennials (18-32): 73%
  - Gen-Xers (35-45): 76%
  - Boomers (46-64): 74%
  - Total: 67%

- I like to interact with products before I buy them rather than buying from a catalog or the internet with no prior interaction:
  - Millennials (18-32): 85%
  - Gen-Xers (35-45): 87%
  - Boomers (46-64): 74%
  - Total: 82%

Retailers: Are You Ready?

Millennials’ shopping/buying and product habits vary significantly and to win their support, marketers need to understand what makes them tick.

Source: JWT Intelligence
Small-space decorating can be a real challenge. CB2 videos present advice from their decorating experts about living in and furnishing your apartment/condominium. Great ideas that help mark the most of your space and your budget.
Total Experience Branding is the total of all the experiences a customer has with you over the duration of their relationship. It involves both rational and emotional aspects; it is both functional and psychological. Across multiple channels and across different channels from call centers, the internet, mobile, stores, events, social and traditional media, credit cards, financing, delivery, and returns.
It’s All About the “Total” Experience

- From a focus on products, web, and stores to total experience
- From the search to shopping, buying, and product in use experience
- Every touchpoint between the customer and the Brand
Scatter My Ashes at Bergdorf’s is a fun documentary which also doubles as a great infomercial for the Bergdorf Goodman Manhattan store. This icon of American department stores is the scene of many ultimate fashion/lifestyle experiences. The video provides an exciting opportunity to see firsthand the elaborate display and windows of designer David Hoey.
# The Total Brand Experience

**SEARCH**
- Peer group acceptance
- Publicity
- Past experiences
- Internet
- Catalogs
- Advertising
- Website

**SHOPPING**
- Name / logo / symbol
- Signing
- Windows
- Parking
- Convenience

**BUYING**
- Layout
- Fixturing
- POS signing
- Department signing
- Merchandising
- Displays
- Item ticketing
- Store brands
- Special events
- Cause-related activities
- Website
- Kiosks
- Catalogs

**SERVICES**
- Staff quality
- Quantity
- Product knowledge
- Attitude
- Extra mile, empathy
- Packaging
- Credit options
- Delivery
- Internet services
- Selling process

**POST PURCHASE**
- Guarantee
- How complaints are handled
- Database contacts
- Delivery

**PRODUCT IN USE**
- Peer group acceptance
- Badge value
- Part of club
- Prestige
- Add value / wealth
- Change the customer for the better
- Solve problems
- Create opportunities

*Source: John Torella. RE|THINK Retail Branding.*
Three Levels

1. Rational appeal to head
2. Emotional appeal to heart
3. Sensory appeal to five senses

Experience Model

Source: John Torella. RE|THINK Retail Branding.
Turn Four Ps To Total Experience Branding

- Experiences are in the eyes of the beholder: segment your customers into similar groups; experiences designed for everyone satisfy no one
- Get a clear view of what your customer wants needs, and desires. Know before you go
- Start internally with key stakeholders. Communicate/communicate/communicate: tell them, tell them what you told them, and tell them again!
- Make it easy for management and staff to do the right thing. Don’t under spend; give them the tools (enabling technologies) to do their jobs successfully
- You can’t fake it; walk the talk. If you are not committed, don’t start
- Clearly define outcomes and then measure and offer incentives. If you can’t measure it you can’t manage it
- Avoid mixed messages and stay the course
Managing The Total Experience

- Map out how the customer interacts with you: at every touch point
- Establish the customer’s ideal or dream state vs. your actual performance
- Start by getting the basics right; the little things that make all the difference. Establish expectations and then meet them, consistently
Managing The Total Experience

● Consider expectations and the “WOW” factor: those emotional and memorable experiences

● Today the competition for “WOW” experiences is way beyond your competitive set; the customer now compares your Brand to their total life experiences

● CEM is about establishing a strategy, plan/organization, and measurements to drive the program: everyday in every way just a little bit better

● Great experiences enrich your customers’ lives; poor experiences leave them unhappy
Not all Experiences are Enjoyable

What’s it Like to be one of Your Customers?

- What do your customers think/feel about your Brand? What is their image of your Brand? What feelings, attitudes, and beliefs do they have about your Brand?

- What’s it like to search your website; to purchase something online, pay for it, and return it?

- How does it feel when they are put on hold to talk to you on the phone?

Source: John Torella. RE|THINK Retail Branding.
What’s it Like to be one of Your Customers?

- What’s a shopping, buying trip to your store like? Is it easy, fun, interesting, exciting, or not?
- What’s it like to get helpful personal service? To purchase an important item, have it financed, delivered, set up, and yes, perhaps returned?
- What’s it like to not get a delivery on time or be charged for something you didn’t agree to?
- How long do customers need to stand in the check out line or the line to return an item?
- How often do we connect with, engage with, and meet our customers in person?
Best Overall Experience

Eat better. Live better.
A wonderful celebration of gourmet Italian food and cooking!

Eataly
Best Overall Experience

Eataly Manifesto
Milano

“We’re in love with food. We love the stories about it, the people who produce it, the places it comes from.”
1

“Good food brings all of us together. We believe that one of the greatest sources of joy is what happens around the dining room table.”
Best Overall Experience

Eataly Manifesto
Milano

2

“We’ve dedicated our daily lives to promoting a real understanding of high-quality food & drink. How lucky are we that we get to do what we love?”
Best Overall Experience

Eataly Manifesto
New York City

“Enter a world dedicated to quality: that means quality food, quality drink and ultimately quality time.”
Best Overall Experience

Eataly Manifesto
New York City

4 “Our target audience is everyone. We want our place to be your place. We want you to be comfortable, happy and enriched by every visit.”
Best Overall Experience

Eataly Manifesto
New York City

5

“Eat. Shop. Learn. This is a store with stories. Here, you won’t just discover what you love, you’ll also learn about what you love.”
**Best Overall Experience**

**Eataly Manifesto**

New York City

“**We’re in this together.** What you choose everyday determines what we’ll stock on our shelves. When you demand quality products, you support the local farmers, fishermen, butchers, bakers, and cheese makers who produce them.”
Best Overall Experience

Eataly Manifesto
New York City

“Your trust earned everyday. In all ways, we promise to be scrupulously honest. We’ll never encourage you to buy more than you need or more expensive than you can afford.”
Best Overall Experience

Eataly Manifesto
New York City

“The End Goal: Our goal is to have you as our customer for a lifetime. The easiest means to that end is offering you the best food and the best drink in the best environment in which to discover and expand your tastes.”
In 2005, Procter and Gamble introduced the concept of the “First Moment of Truth” (FMOT) – that moment when the in-store shopper stands in front of a shelf and makes or does not make a purchase decision.

The “Second Moment of Truth” (SMOT) is the product in use/consumption.
ZMOT – Zero Moment Of Truth

- Over the past few years, Google added the “Zero Moment of Truth” ZMOT – pre-shopping/purchase search that goes on well before the shopper reaches the in-store moment of truth.

- Rational and emotional journey through social networks, blogs, peer groups, influencers, reviews, advertising, showrooms, websites.

The TRUTH

SEARCH ONLINE

ZERO MOMENT OF TRUTH

ZMOT (INTERNET)

DECISION

NARROW CHOICES

LOCATE • BRAND • PRICE • VALUE

SECOND MOMENT OF TRUTH

SMOT (EXPERIENCE)

THE EVOLUTION OF RETAIL MARKETING

POSITIVE REVIEWS

NEGATIVE REVIEWS

Which becomes the next person’s ZMOT.
The DAWN
Birth of the Brand, Name, URL
often without considering Searchability or SEO

STIMULUS
Bombardment of Traditional Media

FIRST MOMENT OF TRUTH
FMOT (SHELF)

ZERO MOMENT OF TRUTH
ZMOT (INTERNET)

RESEARCH ONLINE

STIMULUS DRIVES CONSUMERS TO INTERNET

ONLINE or INSTORE

DECISION

SECOND MOMENT OF TRUTH
SMOT (EXPERIENCE)

NEGATIVE REVIEWS

POSITIVE REVIEWS

Which becomes the next person’s ZMOT

Source: PCG 2011 Digital Marketing Study
THE CHALLENGE IS TO INTEGRATE A HOLISTIC BRAND EXPERIENCE AT EVERY TOUCHPOINT
Brand Relevance Requires

- A deep emotional customer connection that is essentially subconscious
- That adds value beyond product/service
- An addictive connection that triggers a sense of heightened anticipation like your first Starbucks coffee in the morning
- Not just a difference; but a meaningful difference
Brand Relevance

- It can be functional; tangible or intangible
- The challenge is to make it...

Label or Brand?

- Get rid of the babble and the hocus pocus and take the acid test

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<thead>
<tr>
<th>Question</th>
<th>YES</th>
<th>NO</th>
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<tr>
<td>Do you have a rational and deep emotional connection with customer? – Nike</td>
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<td>Do you add Maslovian-like value beyond product/service function you provide? – Apple</td>
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<td>Is your Brand personality yours alone, like no other? – Starbucks</td>
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<td>Do you own an idea, word in your customer’s mind? – Disney</td>
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<td>Do you have a deep rooted set of values and beliefs and trust; your DNA? – Jack Daniel’s</td>
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“THE ONLY WAY TO DO GREAT WORK IS TO LOVE WHAT YOU DO. IF YOU HAVEN’T FOUND IT YET, KEEP LOOKING. DON’T SETTLE. AS WITH ALL MATTERS OF THE HEART, YOU’LL KNOW WHEN YOU’VE FOUND IT.”

– STEVE JOBS

Source: Steve Jobs: Scott Belsky. Flud News
Brand Relevance

Source: Jack Daniels: Kim Bhasin. (articles.businessinsider.com); Starbucks: Couture Media (couturemedia.ca)
Brand Pyramid

JCWG

Branding Process

**IMAGE**
Where you’ve been, and are now in the minds of your customers/prospects

**VISION**
Lofty, enduring view of where the brand appears to be going

**MISSION**
How the brand is going to get there

**BRAND PRIORITY**
Where the branding activities will focus

**SEGMENTATION/DIFFERENTIATION/POSITIONING**
Where and how the brand will compete; its category position

**BRAND DESIGN**
The basic motivators, discriminators, and brand experience

**ADDED VALUE**
Beyond the products and services you provide

**PERSONALITY**
Outward view of the brand

**CHARACTER**
Internal view of the brand

**BRAND ESSENCE**
The top of mind idea/word you want to own in your customers’ minds

**BRAND IDENTITY**
The soul/DNA of the brand
VIDEO

Sport Chek
West Edmonton Mall

A video walk-through of Sport Chek’s new flagship store in the West Edmonton Mall. A digital mecca with hundreds of screens ranging from small tablets to large 55 inch screens. An unparalleled array of leading Brands and a personalized shopping experience that connects consumers like never before. Product mix of sporting goods, apparel and footwear integrated with technology to enhance the total customer shopping experience.
NEW MODEL OF COMMUNICATION

Traditional Communications Model

BUILD AWARENESS  UNDERSTANDING  ACCEPTANCE  TRIAL/PURCHASE  LOYALTY  ADVOCACY

Source: Don E. Schultz; Medill school, Northwestern University
New Communication Model

Search

Research

Talk to Friends

Use Internet

Read Reviews

Participate in Social Media

View Video

Visit Store

Use Express Checkout

Read Blogs

Pass Along Link

Return to Store

Source: Don E. Schultz; Medill school, Northwestern University
New Relationship Model

Consumer → Brand → Community

Source: Don E. Schultz; Medill school, Northwestern University
Most retail marketing communication is undifferentiated.

Difficult to distinguish one campaign or one ad from another.

Different images for advertising, web, in-store, and mobile media.

Price-driven with few new ideas, imagination, and innovation.
Undifferentiated to Big Ideals/Ideas

- The future is about Brand Ideals and Big Ideas
- Ideals are universal, enduring themes
- Shared set of values and beliefs that help improve people’s lives

Big Ideas are...

1. Simple, Stunning, Warm
2. Human messages that make deep emotional connections
3. That create mental images in your mind and your heart
Undifferentiated to Big Ideals/Ideas

The Big Idea!
MEDIA CONFUSION TO MEDIA CLARITY

- Planning, creating, producing, and measuring media has gone from a closed-loop, fairly controlled world to one of confusion.

- The new and ever-changing consumer is at the hub of this change.

- They have gone from passive recipients of content and media to active accelerants.

- They can amplify messages by the level of their engagement, size of their network, and speed of connections.
Media Confusion to Media Clarity

- Creativity is no longer exclusively focused on advertising; but on every touchpoint between the Brand and end consumer
- Creative content is everything and everything is content. It is the magnet and the glue that holds all communication together; or not
- It includes paid/owned/earned traditional and new media
- Great content can enhance and overcome the limits/ boundaries of any media
Social Marketing Compass

Source: Panorama; Brian Solis and Jess3; 2009
The New Marketing Ecosystem

Media channels, pathways, and circuits have moved from fixed methods of distribution with somewhat exclusive audiences to new ecosystems.

Source: David Swaebe. Mullen: www.mullen.com
TRADITIONAL AND NEW MEDIA ARE COMING TOGETHER AND CONVERSING IN LESS LINEAR AND MORE HOLISTIC WAYS. THE OLD MODELS DON’T WORK ANYMORE.
From Atoms to Bits

- Most information is delivered in the form of atoms: newspapers, magazines, books, direct mail, posters, POS, and packaging

- New marketing communications combines atoms and bits: internet, smartphones, tablets, mobile, kiosks, games, video consoles

- And more specifically, social media such as Facebook, Twitter, Pinterest, Instagram, Tumblr, and LinkedIn
From Atoms to Bits

● The challenge is to develop the optimal mix of both atoms (traditional) and bits (digital)

Evolution not Revolution

● The starting point is ensuring the basics are in place: info/insights, objectives/strategy, and developed/detailed plans on how to execute Brand promise

● The evolution from traditional to digital makes it even more important to get right pieces in place

● You’ve got to know before you go. Don’t get side tracked or lose sight of the basics

● Exploit the new opportunities of digital while keeping focused on the Brand
Real-time Digital Marketing/Communications

- The world of traditional media was about carefully crafted content connected to pre-selected customer demographic segments.
- Real-time, on demand digital communication is about reaching out and engaging customers now and in real time, all the time, anytime.
- Personalized, 24/7, my way or the highway.

Keys to Success

- Leadership.
- Intelligence and analytics.
- Curated content, storytelling, and store marketing.
- Media clarity: the optimal mix of traditional and digital media.
- Tracking, new metrics, measurement.
Neuromarketing

- The past ten years have seen a boom in technologies borrowed from neuroscience to uncover consumers’ subconscious feelings, observations, and motivations on how they search, shop, buy, and use products.

- Research for observing and understanding consumer motivations and behavior are being supplemented by rapid, evolving neuromarketing technologies.
Neuromarketing Involves

- Understanding better what motivates consumers is the key to Brand/marketing success

Technologies

- **Biometrics**: the tracking of various stimuli such as advertising, POS, displays, and their impact on consumers

- **Eye Tracking**: using glasses that feature two cameras; one in the eye of consumers and one on the research stimuli and its impact

- **Wired**: tracks physical changes in consumers, helping predict ebb and flow of in-store and at shelf engagement

Source: Adage study on neuromarketing 2012 (www.adage.com)
The Next Steps for Shopper Marketing...

SMARTPHONES AND MOBILE TECHNOLOGY ARE A GREAT OPPORTUNITY TO TRACK BEHAVIOR AND THINKING WHILE CONSUMERS ARE IN STORE AND WILL BE THE NEXT BIG AREA OF EXPLORATION AND RESEARCH
Move from an exclusive focus on ROI to a combination of the measuring of both Business and Brand Building.

The Brand is one of the least understood and underutilized corporate assets.

It can be one of the greatest tools to build corporate value and Brand equity.

What is Brand equity? Simply put it is the value of the Brand in the marketplace.
Marketing ROI To Brand Value

Brand Value:

- Is an intangible asset reflected in company earnings and stock price
- Resides in the mind of the customer, made up of awareness, understanding, and acceptance
- Manifests itself in loyalty, advocacy, and propensity to buy in the future and willingness to pay premium price

Why Brand Valuation Matters

- Maximizes the investment of resources
- Provides an objective way to measure Branding efforts/programs
- Tangible measurement of Brand/stewardship and management
- Helps align C-suite and reduce silos
- Can become a compelling competitive advantage
Company’s Worth

- Tangible Assets; Book value
- Intangible Assets
  - Intellectual, Social Capital
  - Research, Skills Development, etc.
  - Brand Equity
    - Financial Impact on Sales, Profits
    - Non-financial; Customer Assets

Source: Whole Being Retail Branding, John Torella
Brand Equity Elements

Financial
- Sales
- Profits
- Market share
- Market Capitalization

Non-financial; Customer Elements
- Unaided Awareness
- Service Satisfaction
- Loyalty and Advocacy
- Purchase Intent

Source: Whole Being Retail Branding, John Torella
VIDEO

West Jet
Christmas Miracle

An amazing video! How a team of West Jetters and the power of technology created a Christmas miracle in real-time. A whole plane full of individuals and families get the gifts they asked for. To see their faces when the presents come down the conveyor belt was indeed a Christmas miracle and I am sure it meant as much to the West Jet employees as it did to the passengers.
THE OLD MARKETING STORY IS NOT WORKING AND A NEW AND BETTER STORY IS EMERGING”

– Jim Stengel
Former CMO of Procter and Gamble
New Marketing Glossary of Terms

App
An application: web browsers, games, online chat or music that performs on your computer or handheld; typically a stand-alone software.

Blog
An online journal about any relevant subject delivered in conversational style to encourage comments and discussion.

Bounce Rate
The percentage of visitors to a particular website who navigate away from the site after viewing only one page.

The Cloud
Cloud computing is the ability to access data from any location rather than being tied to a specific machine or location. There are various models of cloud computing. A well-known example is Google, which provides multiple cloud computing services (e.g. Google Drive, Gmail).

Crowdsourcing
Soliciting content online from outside your company/organization/sphere of friends.

Click Through Rate (CTR)
A way of measuring your online advertising obtained by dividing number of users by number of impressions.

eBook
Electronic publication/book that can be downloaded from the internet onto your computer, mobile device or e-reader (e.g. Kobo, Kindle).

Embedding
The act of adding code/link to items that are housed at another site but is seen/heard on your website. Code can link to presentations, videos, newsfeeds, photos, blog, etc.
New Marketing Glossary of Terms

**Facebook**
Social networking site with more than 700 million members.

**Followers**
People who are following you on Twitter and can see and follow your updates/Tweets.

**Following**
The people whose Tweets you’ve solicited to read and who’s Tweets appear in your feed/stream.

**Flickr**
Photo-sharing/hosting site.

**Hashtag**
A tag used in Twitter as a way to aggregate, organize/categorize, and discover relevant posts.

**Hosting**
A location where online content is stored, typically on a server, which is in its simple form a computer with 24/7 access online. Blogs, videos, and podcasts need a hosting service before they can appear online. You can own your own server or host items through third party providers. For example, for videos YouTube is a popular host.

**Inbound Marketing**
Focuses on getting customers to find you by publishing helpful content that is important.

**Mashup**
Combination of music, videos, websites when a programmer overlays content from one source on top of another.

**Like**
An action made by Facebook users by clicking the “like” button as a way to show approval or interest in a link, photo or comment.
**New Marketing Glossary of Terms**

**Microsite**
Individual website that functions as a supplement to the primary website but maybe branded differently.

**Myspace**
Online social network that caters to creative individuals/groups who enjoy the ability to create their own look for their page.

**Offline/Online**
Offline is when you are not connected to the internet. Online is when you are connected and typically are active such as reading/producing content, available to chat with others online, etc.

**Outbound Marketing**
Where marketers buy/solicit/earn media and push their users pages/content out to a mass audience.

**Paid Search Marketing**
The placement of advertising on a search engine. The advertisers pay the search engine if visitors click on the ad.

**Platform**
The content management system that runs software and presents content.

**Podcast**
A multimedia digital file available on the Internet for downloading to a portable media player, computer, etc.

**Reputation Management**
The practice of monitoring the online reputation/image of the company

**RSS**
Real simple syndication delivers content – blogs, news, videos, etc. frequently and allows users to stay current with favorite topics
New Marketing Glossary of Terms

Search Engine Marketing (SEM)
Marketing that is done to achieve maximum exposure of a website online. Tactics include search engine optimization, paid listings and other search-engine related functions to augment traffic and awareness of the website.

Smartphone
Handheld device capable of providing functionalities beyond phone calls and text: email, chat, search, photos, videos, etc.

Social Capital
The knowledge, information, good will that is represented through you and your relationships within your community

Social Media
Any online technology that allows people to publish, speak, share online content such as blogs, podcasts, forums, wiki, videos

Social Networking Service
Platforms such as Facebook, LinkedIn, Myspace, Bebo that allow users to create a profile, add friends, communicate with other members

Social Media Analytics
The practice of gathering data from blogs/social media websites and analyzing the information to make more customized business decisions and targeted marketing

Streaming Media
Audio/video that can be listened to/watched online as a steady stream but is not stored or downloaded all at once. Streaming is important to be able to watch/listen to content as its being downloaded without having to wait for the full file. This helps users who have slower internet connections or who may be trying to access large files (e.g. High definition movies)
New Marketing Glossary of Terms

Tags
Keywords added to blog posts, photos, and videos to help find related topics or media, either through browsing or as a term to make your entry more relevant to search engines

Triple Bottom Line (3BL)
Framework for measuring performance/value: people, planet, profits, social, environmental, economic

Tweet
140-character post or update on Twitter, real time social messaging system.

Tracking
Method used to identify visitors’ demographics and other relevant information (e.g. browser usage, mobile or desktop, etc.). Campaigns can be defined with a source code at the end of a URL that points to a particular website. Can be used for banner ads, email, etc. Websites will have code added to each page that needs to be tracked.

User Generated Content (UGC)
Refers to all forms of user generated material, blog posts, podcasts, videos, photos, reviews and more

Virtual World
Online computer-simulated space like Second Life that mixes aspects of real life with fantasy. You can create a representation of yourself (avatar) and socialize with other residents

Web 2.0
Second generation of the web which enables people to create their own websites or self-publish, create and upload audio/video files, share photos and information
New Marketing Glossary of Terms

**Web Analytics**
Collection, measurement, and analysis of data to better understand visitors and online users on your site

**Wiki**
Webpage that can be edited collectively, e.g., Wikipedia

**Wi-Fi**
A local area network that allows enabled devices to connect to the internet within a short range of any access point without cables (wireless)