

The Future of Marketing:

# Six Visionaries Speak

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# How marketers will win

Marketing is on the ascent. It has frequently led at big consumer products companies. Now its influence is growing everywhere: at B2B companies, professional services firms, companies dominated by engineering or logistics. You can see marketing's rise on business bestseller lists, on YouTube playlists, in the new brands that have broken away and differentiated themselves, and in the explosion of marketing start-ups (and what investors are paying for them). Marketing is becoming a more powerful and resource-rich function of business. In today's digital world, marketing is the function responsible for creating and sustaining a long-lasting relationship with the most important asset of any business – the customer.

In an always-on world, consumer expectations are changing. As a result, the nature of marketing itself is also changing--data, digital, social, mobile, analytics, real-time agility--these have all become part of the vocabulary of numerous business articles and conversation. Thus marketers need to shift their focus from pushing messages at people to engaging them in an ongoing conversation and relationship. The speed, direction and

magnitude of the changes in marketing have been widely discussed. It is not as clear, however, where marketing will end up (and what marketers need to do to ensure that they aren't disintermediated by a small group of 20-something programmers).

The Economist Intelligence Unit spoke with six marketing visionaries around the world and posed a question: "The world of marketers today has changed drastically from what it was ten years ago. What will it be like in 2020? And what do marketers need to forge a winning career path over the next five years?"

Here are the 15 things they told us:

## **1. It's all about engagement.**

An engagement is a contract of betrothal. It is the start of a personal relationship expected to grow deeper and endure over time. It requires listening, nurturing and care and feeding. It comes with expectations of intimacy and trust. The engagement that marketers seek is not so different.

Seth Godin believes that marketers who are serious about engaging the customer recognise that the most valuable moments are when the customer is actually in touch with you: using your product, on the phone

with you, reading your content. If you are able to address your customers' needs during those moments--rather than put them on hold while telling them how important their call is--you're going to get engagement.

Says Jim Stengel: "At P&G we used to say that if we measured our brands the way we measure healthy relationships with other people, it would lead to a high market share. So think about your relationships. Do you look forward to seeing that person? Do you care about them? Do they share your values? Do you speak well of them to others?"

## **2. Start at the start.**

Marketers have always been treated as the last and fastest runner in the relay, brought in for the final leg to sprint for the finish. The problem is that most races are already won or lost before the last runner gets the baton. Any marketer who has run a campaign knows that marketers can sprint. But the best marketers are five-minute-mile marathoners who combine speed and stamina. They take the customer on a journey. They need to show up at the starting line, when the people who run the business are saying, "What should we make? Who should we make it for? How do we make it in such a way that the story of our product is true?"

## **3. Articulate your ambitious purpose.**

We all want to feel that our lives have meaning. We gravitate towards brands that help us find that meaning. It could be a personal manifesto like "Think different" or "Just do it." It could be an allusion to our common humanity like Skype's family portrait series, which illustrated the growth of a long-distance friendship between two girls, each missing an arm. Or it could be a global call to action like Wal-Mart's sustainable supply chain initiative. Each of these companies built an engaged audience by finding a big, ambitious theme and building a long-running campaign around it. Each also experienced sustained growth.

## **4. Agile will rule.**

As recently as five years ago, most marketing departments were set up only to conduct campaigns and launches. That is changing, especially at larger companies with large numbers of customers. It is not the old mode of planning a campaign, executing it, analysing the results, learning from them and applying those lessons to next year's campaign. Marketers are increasingly running a real-time dialogue, constantly listening and instantly connecting in relevant ways. Consumers have an expectation of immediacy. Like Visa at the World

Cup, they are taking advantage of events when they happen and linking them to their brand.

A 24/7 mentality requires a different way of working. Marketing used to be an assembly line. Now it is more like a trading room that responds to the ebbs and flows of the market as they occur. Although marketers will always have to manage the equivalent of an iPhone launch, there will also be day-in and day-out efforts to build a relationship with customers who in return reward you with a stream of purchases.

### **5. Turn start-and-stop into start-and-continue.**

The next five years will see the growth of test-and-learn as standard operating procedure. Campaign workflows are still siloed today. Analytics comes up front, then there's a big creative piece, the campaign is launched and more analytics at the back end. Those distinct pieces need to be joined together into a more iterative workflow that combines the creative and the analytical in a collaborative process. Marketers are the stewards of significant resources – iterating in real-time, with real-time analytics about what is working and what is not will allow them to be true drivers of productivity.

### **6. Make transparency a virtue.**

Unilever Senior Vice-president of Marketing Marc Mathieu likes to say that marketing “used to be about creating a myth and selling it and is now about finding a truth and sharing it”. It is difficult to sustain myths these days; with a few clicks of the mouse, anyone can discover almost anything and instantly circulate it to an audience of millions. Companies confident enough to share the truth are choosing to participate in a web-enabled show and tell-- and consumers appreciate it.

### **7. Integrate the old with the new.**

In the minds of many, marketing and advertising are synonymous: the marketing budget exists to buy TV spots and trade show booths. It is true that marketers do far more than buy ads now. A lot more. It is also true that consumers now rely more on peer-to-peer connections and less on messages directly from the companies. Marketers are creating journeys to guide consumers and customers towards a mutually desired outcome. But at the same time, marketing does run the ad budget and those traditional expenditures have not gone away.

Bain's Aditya Joshi points out that in many industries analog media like TV may decline in the next three to five years, but won't fall by much. In the consumer products industry, for example, TV's share of the marketing mix in 2020 should still be north of 40%. Marketers should not think in terms of discarding traditional and embracing digital. Instead, they should think about how to get both to work together in an integrated and consistent way. If marketers do it right, window-shoppers become buyers and buyers become advocates and fans.

### **8. Get your own house in order.**

An asset is an investment that generates value in the form of return on investment (ROI). Engaged customers fit the definition of an asset, but marketers often complain that their CFOs resist the idea of engagement as an asset worth investing in.

In fact, these marketers are wrong: the problem is one of data, logic and presentation. Many marketers don't fully understand what drives engagement - and therefore they can't present it in a compelling way to the CFO. "If you can quantify engagement, any CFO in the world will pay attention," says Jim Stengel. And not just pay attention, but jump in and ask, "How

can I help?" Too many marketers don't understand what makes their company preferred over others.

### **9. Harden the soft.**

Of all the factors that drive engagement, the most important may be a culture of customer centricity. Culture is often mistakenly considered to be a soft concept. It is a big concept, but it is not a soft one: it can be broken down into a very specific set of values and activities that are mirrored in incentives, salaries and promotions. Customer engagement needs to play a central role in the organisation's culture. Otherwise the business will not be sustainable.

### **10. Keep up with the consumers.**

Enterprise technology has lagged consumer technology for over a decade. Consumer behaviour changes faster than behaviour within the organisation. In the world at large, Facebook and Twitter enable communities to spontaneously form, sync up and take action. Marketers have a responsibility to modify the organisation's outreach based on changes in the outside world. At the same time, those external shifts need to be brought into the corporation. Marketing bridges the gap between the lives of consumers and those of people in the organisation.

## **11. Concerns over privacy are overwrought.**

The customers of Target, EBay and Home Depot know all too well that privacy is important. At the same time, and more relevant to marketers, the new generation of digital natives has grown up seeing the value in sharing everything.

They want to share. They want personalisation. They see the tradeoff between what they are giving up and what they are getting as positive. Sharing personal information is not going away. In fact, it will become more widespread.

## **12. Learn to make decisions about making decisions.**

Marketing no longer sits in a corner and runs campaigns; it interacts with almost every part of the business, from IT to customer service and logistics. To do their jobs effectively, marketers need to be able to join up collaborative, cross-functional processes with functions that have objectives and report up through other parts of the business.

That requires agreeing in advance what the decisions are and what criteria will guide the decisions. If there is a purchase, who funds it? Who decides on the vendor? What is the role of marketing versus IT, finance and other

functions? Progressive marketers are starting to understand and embrace the need to set up cross-functional decision-making processes.

## **13. There is a formula for building trust.**

Companies collect data with every customer interaction. Most people don't care about disclosing information if they believe it will be used to help them. The concern is that the company will take advantage of the data to do something not in their interest – sending ads, for instance, or giving the data to “trusted partners” who may misuse it. The solution is a series of small steps of helpful actions. The customer benefits. Trust grows. And ultimately the privacy concern goes away because you have demonstrated that the data are being accumulated for the benefit of the customer.

## **14. Keep the touches light.**

Imagine that you are browsing on a website. A box pops up and asks if you found what you are looking for. If you say, “no,” it opens a window and you find yourself talking to customer service. If you say “yes,” it sends you to Amazon or Yelp! and asks you to leave a positive review. In theory, the interaction is positive. You are being helpful, trying to guide the customer and enlisting their help if the experience pleases them. In

fact, customers feel manipulated and turned off. Instead, remember the interaction and use that to be more relevant with the next conversation. Just because you can automate something doesn't mean you always should.

### **15. Bridge left and right.**

There is a lot of talk about political polarisation in the halls of government. Polarisation exists in marketing too. The influence of left-brained analytical hires is growing. Many creatives feel pressured. The ideal marketing organisation requires both sets of abilities—and for these to work together in an integrated fashion. “Very few individuals have left- and right-brained capabilities in the same depth and strength,” says Bain’s Mr Joshi. “One would need a modern-day Da Vinci. But you know how rare that is.”

A more practical answer is to create a Da Vinci in the aggregate, hiring different people with different skills who combine to create a Da Vinci. That is the ideal marketing team – not right-brained or left-brained but both-brained

## **Passion trumps everything**

Marketing processes, skills and technology will continue to evolve over the next five years. Not every marketer is ready for every change. But at the end of the day, those who want to adapt and win have the power to do so.

John Hagel argues that passion is the single element most critical to success in marketing. Passion enables executives to put themselves in the customer’s shoes and advocate for the customer inside the organisation. It is not always a comfortable role. It requires confidence and courage. But in the end, passion determines whether or not a marketer is successful.

“If you have a passionate commitment to make an impact on the customer by being more and more helpful to them, you will either develop the skills yourself or you will find ways to connect to the skills wherever they reside,” says Mr Hagel. “It may be in other functions within the organisation. It may be in third parties. If you have the passion, you will find a way.”





## Seth Godin: Make things worth talking about

*Seth Godin writes about the post-industrial revolution, the way ideas spread, marketing, quitting, leadership and most of all, changing everything. He is the founder of squidoo.com, and his blog is one of the most popular in the world. He was hired by Yahoo! as vice-president of direct marketing after selling them the start-up Yoyodyne. In 2013, Mr Godin was inducted into the Direct Marketing Hall of Fame, one of three chosen for this honour. His latest book, "The Icarus Deception", argues that we have been brainwashed by industrial propaganda, pushing us to stand out, not to fit in.*

**Economist Intelligence Unit:** Marketing has changed so much in the past five years. What do you think will happen in the next five? What will the marketer's mission look like in 2020?

**Seth Godin:** If we were talking about what is going to be the future of the dried plum, we would have a straightforward conversation. Everyone can agree on what a dried plum is. Not everyone agrees on what marketing is. So before I talk about where it's going, we have to talk for at least a minute about where it's been so we understand that we're starting from the same place.

For 100 years, marketing and advertising was the same thing. The CMO didn't decide on the product line or pricing or what the toxic waste policy should be. Instead, the measure of marketing has traditionally been, "How much money are you spending on advertising?"

## **Marketing is about everything**

Only in the last 20 years have we seen marketing change from spending money to interrupt people with advertising to marketing everything you make and everything you say that involves making a promise to people about what they should expect when they do business with you.

The problem is that a lot of marketers didn't get that memo. And a lot of marketers--mostly those who work for companies built on advertising mass products to mass audiences--want marketing to go back to what it was. And so when they see YouTube come along, or they see Twitter come along, they think "This is just like a magazine except the ads are free. This is just like television except the ads are free." And those people have been pretty generally disappointed with everything that's happened recently because they're still working as if marketing equals advertising.

Here's the answer to your question: I think the next five years of marketing are going to be just like the last five years of marketing but more so. We'll see the end of almost every newspaper. We'll see the crumbling of the TV-industrial complex in which

TV ads are always sold out. And we're going to see ever-more reliance by consumers on peer-to-peer connections and less on what message they hear directly from the marketer.

## **Make things that matter**

*EIU:* So what are the most effective marketers going to be doing five years from now? What do they need to do now to make sure they don't get passed by as marketing changes?

*Seth Godin:* The short answer is five words long: "Make things worth talking about." The longer answer is that the marketer now needs to be in charge of everything the company does. And the ad agency isn't the last step of the process anymore; it needs to be the first step.

You know the people who used to spend all their time spinning products when they're released? They need to spend their time at the beginning. They need to be saying, "What should we make? How do we make it in such a way that the story of our product is true?" Look at Nike. Nike is not afraid to spend hundreds of millions of dollars on the products they make, not into the billboards that they rent.

## **A tag line is not enough**

*EIU:* So it sounds like there are two kinds of marketers. There are marketers who cling to pushing products with advertising and there are marketers who are embedded in what the company makes and are pushing it towards what the consumer wants.

*Seth Godin:* That's exactly right. Most marketers have come from an environment where everyone is selling exactly the same product. The way you won was with a clever tag line. This is the world of "Mad Men". Modern marketers say, "Well, of course Apple people are waiting in line to hear Apple's announcement because they're actually doing something new. They're not just spinning the old."

It's a huge shift. Changes like this haven't happened elsewhere in the company. Accounting hasn't changed. Product development hasn't changed much. Sales isn't so different. Marketing has been completely transformed.

*EIU:* I'm interested to hear what you think about the multiplication and fragmentation of channels. Ten years ago Facebook had under a million users. Now it has over a billion, Twitter has half a billion, even Pinterest is approaching 100 million. And all of them are generating big data,

enabling predictive analytics, feeding into marketing automation with a lot of personalisation. People call them channels, but broadcast media like billboards or TV ads were channels. These seem like much more. How are they going to be affecting marketers?

*Seth Godin:* Think about someone who goes to a new high school, think of all the channels there are at the new high school. There are the yearbook, the daily announcements, the school newspaper, people talking to each other at lunch. We can make a list of 1,000 ways the people at school are finding things out.

## **Act like who you want to be**

But the new kid at school isn't a brand manager. The new kid at school isn't saying, "How do I own this channel, and how do I own that channel?" The new kid at school is saying, "Who do I want to be? Because if I act like the person I want to be, the word will get out."

And so you can't really think of a channel as a choke point, where if you spend some money you can own that choke point. Instead, go in the opposite direction. All of these new ways of communicating mean that the more you act a certain way, the more likely it is that the truth will get out about who you are.

*EIU:* Isn't the job of marketers to push out their self-definition through all of the channels?

*Seth Godin:* They can try, but it's not working. Just call up the people at Procter & Gamble or the people in the Republican or the Democratic Party and say, "How are you doing on pushing out the message you want everyone to be saying?" And what they brag about is, "Oh, look how great that Oreo thing was." One Tweet got seen by everyone during the Super Bowl.

But one tweet about Oreos didn't sell a single extra Oreo. What marketers have to understand is that mass marketing was a brilliant and important way of supporting mass manufacturing. It was one of the key elements of the growth of the UK and US economies. For 100 years mass marketing sat right next to mass manufacturing. But now it's over. It is just over. Mass manufacturing is over and mass marketing is over. And you can do all sorts of things to try to get it to come back, but it's not going to come back.

*EIU:* So if the marketer isn't pushing out a message through those channels, what is marketing doing with them? You say that word will get out. What's the marketer's role in getting the word out?

*Seth Godin:* Their role is coming up with an experience, an environment, a service, a product, that people can't help talking about, and then consistently delivering on that.

### **Customers decide whether you're real**

Say you start a real boutique hotel. Then you make sure the right people are staying there in the first few weeks. Word gets out among their circle of friends, who talk to the next circle and the next, and the hotel is sold out. Or you can start a fake boutique hotel, which Hyatt Hotel is trying to do. You skip all those steps and make it look like a boutique hotel. And then you're puzzled and surprised when there isn't a line out the door.

The reason there isn't a line out the door is that the people you were hoping to connect with can tell that it's not a real boutique hotel.

*EIU:* What's engagement marketing? How does it differ from other ways of relating to customers?

*Seth Godin:* Here's an experience that we've all had. You call a big company. You hear a recording that says, "Your call is very important to us, but due to unusually heavy call volume, we don't have anyone to answer your

call,” and they put you on hold for ten minutes. Then the person who answers the phone is measured on how fast they get you to hang up.

That’s the opposite of customer engagement. This company spent a lot of time and money to set up a phone queuing system. Then when you talk to them, they don’t care enough to talk back, or if they do talk back, they put someone in your face who has been programmed to be a cog in a machine.

### **Treasure moments with customers**

If you’re serious about engaging the customer, you realise that the most valuable moments you can have are when the customer is using your product, on the phone with you, actually engaged with you. If we overinvest in that, or do what feels like overinvesting, we are far more likely to lead to the other sorts of interactions that we can’t buy, that we can’t control, but that we need desperately to happen.

*EIU:* Marketers have responsibility for every part of the company with which the customer comes into contact. Yet they don’t have the authority to determine what happens there. They’re influencers. In fact, in some companies that are dominated by engineering or operations, they struggle for influence.

*Seth Godin:* I don’t buy that. Your premise is wrong. If you start listing successful companies, almost all of them are run by people who do what I call marketing.

EIU: But all the parts of the company that engage with the customer or that have customer-facing responsibilities don’t report to the marketer. How do marketers orchestrate those customer touch points while they’re not in charge of all those people?

### **Influence trumps authority**

*Seth Godin:* Nobody’s in charge of everyone. Even the CEO. Influence is way more important than authority.

The first half of the answer is that you need to build influence. You gain influence as you give up more credit and take on more responsibility.

The second half is that marketers need to make an effort to not sell out so cheap. What marketers usually do is accept the budget, accept the product and promise the world. That’s why they get fired so much. On average, the CMO gets fired every year and a half. Because they make big promises and can’t keep them. They’re unable to keep them because they think advertising can save the day, and it can’t. What I propose they do instead is refuse to market products that they don’t believe in.

The CMO needs to refuse to have their team push work out the door for stuff that doesn't keep the story consistent and worth telling. Toyota let a worker stop the whole assembly line because the quality of a spark plug was off. That's what marketers need to do. They need to hit the button and say, "No, we're not going to do this anymore because the customer service people are letting us down when they answer the phone" or "We're not going to do this anymore because I've seen the waste going into the river and I don't want to be responsible for marketing that brand."

### **Spinning for the wrong cause is beneath you**

Once the CMO does this, everything upstream will improve. And to the marketer who says to me, "But I can't do that cause they won't listen," I say, "Go work somewhere else. Because if you've got talent, doing good spin for a company that doesn't get it is beneath you."

**EIU:** How can you tell when a customer is engaged? What kinds of tangible metrics can show the impact of customer engagement?

**Seth Godin:** I don't have a glib answer. Any mass metric is going to be false. I'll give you an example: Six weeks ago I fired the New York Times. I said,

"I don't want to be on the New York Times Best Seller List anymore because it's a false metric that's usually gamed and doesn't represent the post-mass-marketing world. Rather than ask for rating points or share of mind, I would ask questions like "Who would miss me if I was gone? With whom do I actually have permission to follow up? How many people call us on the phone asking when our new thing is going to be ready?" Those questions show depth of feeling and concern. If you want to be meaningful, you can't be too general."

**EIU:** So you've got this asset called customer engagement. You've invested in it and built it up and you can measure it in various ways. How would you talk to a CFO about that? When he asks for the ROI, do you think you could tell him?

**Seth Godin:** When I invented e-mail marketing in 1990, I went to every big company you can think of and tried to sell them on what we had built. And they would say, "What's the ROI?" Well, my first answer was "What's the ROI on that TV ad you ran last night? You don't know. And you've been running TV for years because it feels safe. And you like the fact that you can't measure how well it works because then you don't have to take the blame for it not working."



If you're a really good direct marketer, you make money for a while. But I think we're moving into a post-direct marketing world where we can't measure ROI. But we can measure whether you are gaining market share and profit because you're making great stuff. When everything is driven by metrics you often end up in a race to the bottom, and the problem with the race to the bottom is that you might win. Instead, some people decide to race to the top--not just in pricing, but in terms of the usefulness of what they make and how much fun it is to talk about it. Those people are doing great.

I think that's the challenge of the CMO. Put the spreadsheet away and do some serious work to make stories worth telling.

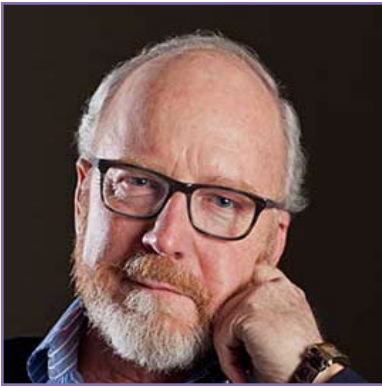
### **Spreadsheets are not the answer**

*EIU:* Do you think the group that's racing to the top through customer engagement is growing compared with those who are racing to the bottom?

*Seth Godin:* CEOs care a lot about stock price, and what they're seeing again and again is that Sears is cratering because Sears was focused 100% on spreadsheets, whereas a brand like Apple, which is a mass brand in the sense that they have big market share, is hiring people from the larger consumer goods industry. They understand that in a retail environment engagement matters more than giving people a coupon.

*EIU:* Thanks, Seth.

*Seth Godin:* Good luck with the rest of your interviews.



## John Hagel: Attract, assist and affiliate

*John Hagel III has more than 35 years' experience as a management consultant, author, speaker and entrepreneur. He currently serves as co-chairman of the Silicon Valley-based Deloitte LLP Center for the Edge. Mr Hagel is also involved with a number of other organisations, including the World Economic Forum, Singularity University, the MIT Media Lab, the Santa Fe Institute and the Aspen Institute. He is credited with inventing the term "infomediary" in the book, "Net Worth" (co-authored with Marc Singer), published by the Harvard Business School Press in 1999. The most recent of his seven books is "The Power of Pull", published by Basic Books.*

**Economist Intelligence Unit:** Marketing has changed pretty dramatically in the past five years. Where do you think it's going to be five years from now?

**John Hagel:** Oh [chuckles], it's definitely heading for a major transformation. If you think it has changed over the past five years, you ain't seen nothin' yet. Part of it is the technology--the evolution of the Internet, digital, mobile and so on. But the more fundamental part is the fact that over time more and more people and companies are going to be competing for our attention. If you're a marketer, you're going to have to do some fundamental rethinking of your approach to marketing.



## The three I's...

One way to frame it is to say that we're moving from push to pull. The traditional marketing model has been driven by what I call the "three I's": intercept, isolate and insulate. "Intercept" means getting people's attention wherever they are and whenever you need them. My favorite example is video screens above the urinals in the men's room. Talk about a captive audience.

First you intercept. Then you "isolate". It's you and me and nobody else, I've got you and I can get my message to you without interference or distraction. Finally, you want to "insulate" people over time-- create a walled garden where it's just you and me forever.

EIU: But people won't stand for that anymore. That's going to annoy them and drive them away.

## ...versus the three A's

*John Hagel:* That's right. The three I's are increasingly challenged. So let me pose an alternative. Instead of the three I's, think about three A's: attract, assist and affiliate. "Attract" means motivating people to seek you out, to find you. "Assist" means finding ways to help people, both before and after a purchase, to get more value and use from the product or service.

Ultimately that leads to a third "A", which is "affiliate". Instead of one-to-one marketing, the affiliate idea suggests bringing in any and all participants that could be helpful to the prospective buyer at relevant points in time. It's about creating a broader ecosystem of participants who can be more and more helpful to the customers you're trying to reach.

That's a very different model that goes against the most basic assumptions of traditional push-based marketing.

*EIU:* That's a pretty radical change. How would it happen?

*John Hagel:* The market will force us to change. The traditional approach of push-based marketing is not going to work as well as it has in the past when there are more and more things competing for our attention. It's going to be a painful migration. Companies are going to have to walk away from a method that got them where they are today.

## Engage or die

*EIU:* And if they don't?

*John Hagel:* They'll be displaced by entrants who will come in and engage the attention of the people they're trying to reach.

**EIU:** What do you think the most effective marketers will be doing five years from now? What should marketers be doing now to make sure they're in that group?

**John Hagel:** Technology is a key catalyst for these changes, so marketers are going to have to become more and more focused on the Internet to connect and build relationships. The core of the marketing budget used to be traditional media; now that will migrate to the periphery. And what used to be on the periphery will become more and more central to how you pursue these pull-based models. Mobile phone technology will be very important. And we'll have to figure out how to co-ordinate activity across a large number of participants to build relationships with the customer and ensure that they're getting the value at the appropriate time.

**EIU:** How will the way marketers use data change?

**John Hagel:** The Internet allows you to collect rich records of interactions, which can lead to much more insight about customers and their needs in real time. That requires deep skills in terms of taking what is usually not very clean or comprehensive data and finding patterns that can be helpful.

Waiting to be asked is not enough. Assistance is not just waiting for the customer to ask you something; it's being proactive and becoming in effect a trusted advisor to the customer who says, "You know, I have some information about you and based on that information I can give you some recommendations that are going to be really valuable to you and save you time and money." That requires a different level of skill than waiting for the phone to ring and taking an order. It's being thoughtful.

The risk is that if you misuse the data and bombard the customers with unwanted recommendations, they're gone. The challenge is how to be helpful in modest ways initially and use that as a basis to build trust, get permission to access more data and become even more helpful.

One of the things that I recommend is using a different set of metrics. We all know traditional metrics like ROA and ROI. The new metrics measure what I call "return on attention" rather than return on assets.

**EIU:** So the numerator is how much it costs to get the attention of a customer. What's the denominator?

*John Hagel:* It is the economic value of that attention, which is the value of the relationship that you can expect based on that attention. It may be a small number, but the cost of attracting that customer attention is also low under the pull-based model.

## **The new ROI**

*EIU:* Are there any other new metrics that you recommend?

*John Hagel:* The other measure is ROI, but it's not return on investment. It's return on information. It's starting to track carefully how much it costs to accumulate information about a customer and divide that by what I can earn by using that information more effectively.

Both metrics are central to pull-based marketing. Both help executives start to think about a pull-based versus a push-based approach.

*EIU:* To make your initial recommendations, you need information about the customer. But the customer may not want to give it to you. How do you deal with privacy concerns?

*John Hagel:* I think the privacy concerns are more of an issue with the push-based model. I have an incentive to generate revenue not

just by selling you more products, but also by selling the data that I've accumulated about you, the customer, to as many third parties as I can.

## **Privacy is different under pull**

Pull is different. With pull, you're serious about being more and more helpful to the customer. Your focus is on, "How do I take this data that I have acquired through prior interactions with the customer or third parties and use that to be helpful?" Most people don't care about disclosing information if they are confident it will be used to help them. Their concern is "Are you going to take advantage of this data to do something that's not in my interest?" or "Are you going to give this data to somebody else who will misuse it?" That's the privacy concern.

You overcome this by taking action in small steps. You think, "What small steps using existing data can I take to demonstrate how helpful I can be to a set of customers?" That builds trust. They think, "They had information about me and were able to give me advice that I hadn't thought of."

That's ultimately going to be the key to addressing the privacy issue: demonstrating through action that the data you're accumulating is for the benefit of the customer.

**EIU:** How would you define the concept of engagement marketing or customer engagement?

**John Hagel:** This idea of anticipating needs and getting permission to make recommendations is one level of pull-based marketing. A further dimension is inspiring people to act and motivating them to learn. That's engagement.

### **The power of narrative**

**EIU:** How do you get engagement?

**John Hagel:** One way is to move from stories to narratives. We're all familiar with the notion of stories as a powerful way to attract attention and create emotional engagement. But I make the case that there is an even more powerful approach, which is what I call "narratives". Most people use these terms interchangeably.

**EIU:** I certainly do. How are they different?

**John Hagel:** Stories are self-contained: beginning, middle, resolution. Something happened, here's how. A story is about me, the storyteller, or some other people over there. It's not about you, the listener.

**EIU:** You can certainly put yourself into the story. That's a key to good storytelling: a character that the listener can identify with.

### **It's not about you**

**John Hagel:** You can use your imagination and figure out how you might have acted, but the story is not about you. In contrast, a narrative is open-ended, about some opportunity, and whether the listener gets the benefit depends on the listener's choices. The resolution has not yet occurred. You're talking about some opportunity that hasn't yet materialised and the ability to embrace this opportunity hinges on the listener's actions. A narrative is a call to action. It says, "How it ends is up to you. What are you going to do?"

It's a different approach. I don't deny the power of stories, but millions of people have given their lives for narratives--religious narratives, revolutionary narratives, social narratives of various types--that are so powerful they move people to actually sacrifice the most precious thing, their life, in order to influence the ending.

Very few companies have harnessed the power of narrative. Apple is one. The narrative of Apple's early days was captured in a tight slogan: "Think different."

*EIU:* What is it that gives that slogan its power?

*John Hagel:* The short form of the narrative was the idea that generations of technology had forced us to become cogs in the wheel, standardised units, numbers in a big machine. For the first time we now have technology that enables each of us to achieve our unique potential. But this is not a given. It is not going to happen automatically. It requires you to think differently. Are you going to think differently? The choice is yours.

The narrative wasn't about Apple. It was about the people that Apple was trying to speak to. It was a call to action: "Think different."

*EIU:* Apple is almost a religion.

*John Hagel:* That's how many people perceive it. Few companies have been able to create the inspiration, motivation and engagement that Apple has. A lot of it has to do with the narrative Apple communicated every day.

*EIU:* So when you make your pitch about the power of narrative, how narratives are more motivating and inspirational than stories, how do businesspeople react?

*John Hagel:* They say, "This is great. I'm going to call my PR department and my marketing people and get them to write me a narrative."

### **Narratives don't come from PR**

But narratives don't work that way. Your PR people may be able to come up with a good story. But with narratives you've got to demonstrate day-to-day your own commitment to that narrative. One of the things that made "Think different" so powerful was the examples of Wozniak and Jobs. Those two guys were the perfect examples of people thinking different and expressing their unique individuality. They lived the narrative. How is a big company going to live a narrative that will engage and motivate the audience they're trying to reach?

*EIU:* One of the other challenges that marketers always face is getting people in the company to keep the focus on the customer--the outside-in perspective. You said that the narrative is about the listener, not the speaker. That has to be difficult for executives whose first impulse is to tell customers how great their company is.

*John Hagel:* I also see that when I speak to executives about narratives. They often have this reaction, "Oh, we have a narrative. We came from humble beginnings. We overcame

incredible challenges. We did awesome things. And our story is open-ended, because who knows what kinds of awesome things are yet to come?" But the problem with that narrative, of course, is it's not about the people you're trying to reach.

*EIU:* You're asking the audience to sit there in wonder and awe at all the amazing things you've done. And of course buy your products, which is the unstated goal here.

### **Do something extraordinary**

*John Hagel:* The narrative is a call to action that says, "You have an opportunity to do something extraordinary in your life, but you've got to make choices and take action that go far beyond the purchase of anyone's products."

*EIU:* Let's get back to nuts and bolts for a minute. How do you see marketing operations changing over the next five years? How the function is organised, the skills marketers are going to need, budgets, that kind of thing.

*John Hagel:* From an operations viewpoint, I see three big changes. First, finding better ways to integrate technology with marketing initiatives. Second, learning how to identify relevant third parties--influencers or potential affiliates, for instance--and motivate them to get onboard your platform and find ways to help them become more helpful to customers. It's a job of orchestration. Third, getting up to speed with the analytics around big data is going to become more and more critical. My experience is that most marketing departments have very limited capability on that front.

*EIU:* How is the skill set of marketers going to change? Either the type of person who works in marketing or people who bridge marketing and other functions?

## **If you have the passion, you'll get the skills**

*John Hagel:* I think it's less about skills and more about passion. Ultimately what we need in marketing departments are people who are really passionate about the customer and can cross the table and put themselves in the customer's shoes and say, "What does the customer need and how can I help the customer get it, wherever it resides?" or "How can I motivate the customer through a narrative that identifies an opportunity that's meaningful to the customer?" or "How can we act in ways that will again communicate and demonstrate that narrative?"

At the end of the day passion trumps skills. If you have a passionate commitment to make an impact on the customer by being more and more helpful to them, you'll either develop the skills yourself or you will find ways to connect to the skills wherever they reside. It may be in other functions within the organisation. It may be in third parties. If you have the passion, you will find a way.

*EIU:* I like the sound of that.

*John Hagel:* It's been great talking to you.





## Gavin Heaton:

### To see five years ahead, look ten years behind

*Gavin Heaton is the founder of the Disruptor's Handbook, a network of business professionals who help businesses unlock the potential of disruptive business models and technologies. Previously, he was general manager of AskU, a mobile survey platform that was granted the Australian Business Award for product innovation. Over the past 15 years, he has developed digital strategies for some of the world's leading companies—from IBM to Fujitsu—and on the agency side, leading the global digital strategy for McDonald's. Mr Heaton is co-publisher of the marketing book series, "Age of Conversation", and works with young people as president of a local non-profit organisation, Vibewire.*

**Economist Intelligence Unit:** Your website is called "Servant of Chaos" and your URL is [servantofchaos.com](http://servantofchaos.com). How did you come up with that name?

**Gavin Heaton:** I used to work for a consulting company and I headed up communications during a merger. Everything was changing every single day. We set up some Yahoo! accounts for instant messaging, and the account that I set up was serving the chaos and not really managing or controlling it. The name stuck. It became the name of my blog. And it still is.

**EIU:** It's a metaphor for how a lot of people, including marketers, feel about the world we're in now, where we're not guiding the future but trying to pick our way through it as it comes at us a little too fast.

**Gavin Heaton:** That's exactly how I think of it.



**EIU:** Tell me a bit about your background.

**Gavin Heaton:** I've worked on both the client side and the agency side of marketing, mostly for large enterprises, most recently big technology companies like SAP and IBM. I had a stint as the head of digital strategy for the agency that looked after McDonald's. We ran happymeal.com for four or five years and some digital strategies for McDonald's globally. I spent about a year-and-a-half or two years working with a marketing analyst agency called Constellation Research. Digital marketing and digital transformation are my areas of specialty.

**EIU:** That's a diverse portfolio. You've got B2B IT services with SAP and IBM. You've got the agency side, the analyst side and pure consumer side in your work with McDonald's.

**Gavin Heaton:** Yes. And then over the last 12 to 18 months, I've been looking at start-ups and how they have started working in a more agile way. I've been running a couple of corporate start-ups for PwC as an internal venture project manager.

**EIU:** Imagine you're in 2020. Some marketers are firing on all cylinders and some are struggling. What's the difference between the two groups?

**Gavin Heaton:** I asked a futurist friend of mine how he guesses future trends. He said, "When change is accelerating, to look five years into the future you have to look ten years into the past, and that will give you a sense of how much things have changed." So let's look back to 2005. That's our baseline. We'll take what we've learned since then and use it to predict it out to 2020.

### **The power of PANDA**

I think we're in a part of the cycle where what was old becomes new again and what we think is important now will become more transactional. I came up with an acronym, PANDA, to talk about how marketing is changing.

The "P" is for "purpose". There was a time when brands stood for something. That's coming back. We need to give our customers a reason to engage with us. Purpose is going to be a driving force over the next five years.

"A" is for "analytics", which sounds obvious, except we need to apply the "A" to the "P" -- the "analytics" to the "purpose". We need to look beyond corporate social responsibility to

analyse how the social impact plays out. Market protocols are creating shared values, shared space, and we need to understand where our brands fit within that space. And that's going to have to be driven by analytics; you have to know most stuff that we don't know right now.

The "N" is for "networks". Networks are powerful, as we're seeing in the rise of the social web. And businesses are part of those networks. We need to understand what the networks are, which technologies join them together and where they overlap.

The "D" is "digital". I read a forecast the other day that 75% of marketing spend will be digital in the next two to three years. Digital doesn't necessarily mean social; social has just been the DNA of how we do things. That digital connection, whether it is Internet of things, whether it is devices, whether it is a wearable, those digital networks are going to play a part in helping us understand who and where our customers are.

The "A" is "art". I think we're going to start seeing less technical stuff. We're going to see how our creative thoughts really handle digital in a creative way. It's going to be more fun and more interesting, and the combination of the artistic and the technical will get us to a more emotional and engaging place.

### **Earn a seat at the biggest table**

*EIU:* We hear a lot about the marketing-led future, about how marketing is becoming a more critical function because relationships with customers are what will differentiate companies in the future. But I don't get the sense that marketing is currently considered any more critical than other functions. It's all over the place. In some places it's important, in some places it's ignored. Do you agree with the notion that marketing is going to become more important across the board?

*Gavin Heaton:* I do. We've heard for years that we need to have a seat at the table. That's the table in the boardroom, not the one in the CFO's office. And the interesting thing is that thanks to the power of analytics that we've been given, we can actually start to understand the impact marketing has on the business, rather than these fuzzy metrics like

reach and frequency and so on. We've actually got a great deal of power that comes from understanding how marketing's levers affect the bottom line, generate revenue, or deliver return on investment in marketing. That is hugely powerful. As we understand the "A", we come to have a lot of leverage.

The shift has been gradual. It's starting to gain momentum. But it requires us to rethink things that we do and try to earn leads and revenues and profits rather than just sitting back and talking about creating brand value or reach or page views. Marketers need to earn a relationship that results in dollars reported back to the board. Analytics allows us to do that.

### **Start small and simple to grasp the big and complex**

*EIU:* Marketing and sales often fight over revenue attribution. And that has its roots in a bigger idea that no single function is really responsible for revenue, for profitability, or for any of the big metrics that investors pay attention to. Everybody plays a role. How do you solve that puzzle? How do you get to some kind of shared understanding of marketing's contribution? Or are we still going to be fighting in 2020?

*Gavin Heaton:* In the start-up world you learn that you need to start small in order to understand and measure what's happening. And only then do you think about how to apply those teachings to other disciplines within our business. For example, at SAP the community function was seen as outreach to developers. But it wasn't really seen as a marketing-led function, and it wasn't seen as anything that useful to our organisation. It was a fairly small part of the company. There were 5,000 people and it was started by five or six.

It grew fast. In five to ten years it went from having a few hundred members to having millions of members. And then they grasped the downstream impact. You could count the number of questions being answered through the community forums and see that those answers decrease the number of calls to the call centre. You've got quantifiable value. It's not revenue, but it does affect costs in a big way. The savings were in a completely different part of the company. Understanding the flows of the impact and value across an organisation is really challenging. But if you do the hard work, you can get to the value.

*EIU:* Could you talk a bit about how customer engagement differs from traditional ways of relating to customers?

*Gavin Heaton:* How you measure engagement differs for audiences. If your business model is about selling stuff online, you need to get some circulation and velocity on the website. You could do that through social means; it could be interaction-based. It could be as simple as page views. Or it could be more complicated. It could be about how we drive an online connection to an in-store connection point or a purchase. Or you could use a membership-based strategy. The engagement number is a tricky one, because it does need to be understood in the context of your business and community.

### **Easy to understand, hard to do**

*EIU:* There's this idea that engagement is an asset that you invest in, and you can measure the ROI of your investment. We're used to investing in physical assets, so some people are uncomfortable with it. Is it hard to get across the idea of investing in engagement and measuring the ROI of that investment?

*Gavin Heaton:* It's not difficult to grasp; it's difficult to do. Think about the call centre example. Here in Australia, we have a big telecommunications company called Telstra. Years ago they started doing outreach with Twitter, and they were getting into all sorts of trouble because they were looking for mentions of their brand on Twitter, and then they were responding by saying, "Here's our phone number. Why don't you give us a call?" And they were wondering why everyone hated them and why they were getting a lot of abuse on social networks. I was chatting with them and I said, "Look, to be honest, it's because you don't understand the dimensions of this channel, the resolution channel. The reason that they're venting on Twitter is because they're not getting through on the other channels. So you have to own that process, own that customer and own it through the resolution."

They ended up opening up a customer call centre based entirely on Twitter. And things started to turn around for them. Last week I was speaking with a Telstra customer who said, "I rang the Telstra call centre, and I was on hold for 50 minutes and got disconnected and had to call back." And I said, "Why don't you just tweet them, because they respond quickly there?" And sure enough, within 15 minutes, it was all sorted out.

## **Conversation must have a purpose**

The problem is often that businesses look at engagement as just having a conversation, rather than having a conversation for a reason. They often forget that customers expect a commercial discussion; it's not like they want to be our friend after all. The conversation has to be about improving the customer experience or giving a demo or getting a discount. It's a conversation for a commercial or transactional purpose.

That doesn't mean it can't be engaging. In fact, if it could be a bit fun, that would be fantastic. Having a fun conversation for a commercial purpose makes the link between engagement and monetisation. If you do those two things, then engagement can be measured and you will also have a downstream impact on your financials. That's what we need to be able to do.

**EIU:** Do you think marketers are getting better at engaging customers? Are companies getting better?

**Gavin Heaton:** Yes, we're getting better. Not in every case. Sometimes our conversations can be clunky and embarrassing, like hanging out with your uncle. But sometimes we discover that we're having a good time. As we lose our fears of these digital channels, as we get better at using them, we start to understand how people like to be engaged.

## **Get a license from your customers**

**EIU:** What other challenges are marketers going to be facing in 2020?

**Gavin Heaton:** In Australia, in the mining industry, we have this concept of the license to operate. It's granted by the government. But there's also a license granted by consumers and the community. If the community doesn't like what you're doing, they will just walk away. We saw this three years ago when teenagers walked away from MSN en masse. There was a three-month period where teens started to move to Facebook, and the way Gen Y engaged online changed overnight.

First they went to Facebook and they saw their parents join Facebook. Their grandparents. Very uncool. Then there was a little bit of Twitter, not much, and then there was a migration to SnapChat. I saw something today that said, "70% of Australian students are using SnapChat." It's massive and growing. That's our challenge: to be in the spaces where our audiences are and understand that they will leave us if we don't work with them and understand their needs, not just around transactions, but around our society as well.

*EIU:* So you need to master all of these channels and be as agile and flexible as your audience is. When they move, you move.

*Gavin Heaton:* Absolutely.

### **Choose one but be ready to switch**

*EIU:* In terms of budgets, it sounds like you have to have a stake in all the channels and be able to move very quickly if necessary. You can't overinvest in just one.

*Gavin Heaton:* It comes down to analytics. We need to have a much stronger grasp of usage in all of these channels, because we can't be everywhere all at once. We don't need to be if our audiences aren't there, and not every audience is going to be in every channel. But understanding where they are, their digital footprint, when the train is leaving the station and being able to move fairly quickly, that's essential. And analytics gives us that power. Get your dashboards operating, watch the trends and get creative when things start to change.

*Economist Insights:* Thanks, Gavin.

*Gavin Heaton:* Thank you. I'm looking forward to seeing all of the interviews.



## Aditya Joshi:

### The modern marketer: Strategist, technologist and analyst

*Aditya Joshi is a partner in Bain's Customer Strategy and Marketing practice. He advises on strategy and marketing effectiveness in the financial services, consumer products, retail, media, and technology and telecoms industries. Mr Joshi is also part of the Financial Services practice, where he focuses on the payments, wealth and investment management and retail banking sectors. He has deep experience in business strategy development, innovation and new product development, customer acquisition and retention, and salesforce effectiveness.*

**Economist Intelligence Unit:** What do you do at Bain, Aditya?

**Aditya Joshi:** I'm part of the customer, strategy and marketing practice and lead the marketing excellence area. I help clients become more effective and efficient with their marketing. In that capacity, I've helped companies in a number of verticals get more bang for their marketing buck.

**EIU:** Both B2B and B2C?

**Aditya Joshi:** That's right.

**EIU:** What is the marketing landscape going to look like five years from now?  
**Aditya Joshi:** Unless you've been living under a rock, the big secular forces affecting marketing are pretty clear. First, the rise of digital media and channels. They're easier to target and they're where consumers want to be engaged now. Second, the ways big data and advanced analytics are helping to better target customers, personalise



offers, measure how well they're doing and adapt accordingly. Number three is the explosion in marketing technologies that at least hold the promise of transforming the marketing process.

That's the 30,000-foot level. Once you zoom in, though, the reality is more complex.

It's true that digital and mobile are ascending. Whether it's online advertising or social mobile, those channels are taking a bigger share of the marketing mix. But traditional channels like TV are still alive and kicking. We've done some recent research that suggests TV's share of the marketing mix should remain north of 40%. TV's share may decline a bit in the next three to five years, but not by much, and it's certainly not going away. Traditional media is still very much with us.

So at least for the next five years, it's not a question of discarding traditional and embracing digital. The trick is how to get both to work together in an integrated way.

## **Separate out the noise**

*EIU:* That's where the data and analytics come in.

*Aditya Joshi:* That's one of the places, yes. Marketers are drowning in data, but not all data is created equal. There's a lot of noise masquerading as data. Many marketers are struggling with how to separate the good data from the bad, fill in the gaps and, most importantly, generate meaningful insights from the data using advanced analytics.

That brings up also the fact that even the most sophisticated analytics are still backward-looking. They help make sense of the past. But given the magnitude of change we're seeing in terms of new channels, customer behaviour and technologies, historical data can quickly become outdated. There's a danger of fighting the last war.

*EIU:* That's now. What about five years from now?

*Aditya Joshi:* Digital will capture a bigger share of the marketing mix. Today it's around 40%. In five years it will be the majority, and 60-70% in industries where the product is digital or customers are digital in their behaviour. But in a lot of industries, including consumer products, analog media like TV will still be big. The



trick will be how to mesh traditional and digital media. Those teams work separately now. They need to work together and build a consistent strategy. Marketers are still going to have to wrestle with that in five years.

### **Look back to look forward**

**EIU:** So the future will be like the present, but the forces that we are seeing today will be further advanced?

**Aditya Joshi:** There will be some changes. Take analytics. One of the biggest and most progressive marketers has successfully married backward-looking analytics with forward-looking test-and-learn. Until now, test-and-learn has been a bit of a sideshow, outside the main activities of creating campaigns.

**EIU:** Test-and-learn? As in A/B testing?

**Aditya Joshi:** It can be A/B testing, multivariate testing, all sorts of testing. The point is that companies doing test-and-learn treat it as separate from the main activities like creating content, creating campaigns, rolling out campaigns.

That's going to change. In the traditional model there is a long creative cycle. You plan a campaign, execute it, see how it runs, analyse it, learn something

and use those lessons to influence next year's campaign. In the next five years test-and-learn will become embedded in marketing work. You will create a bit of content, put it out there, get real-time feedback from customers and put out the next little bit. People are calling this agile marketing. The idea comes from the software world. Google does it. So do other companies where agile software development is in their DNA: put out some stuff, test it and improve it in a continuous test-and-learn process. That's how marketing will be done too.

**EIU:** You're keeping up with events in close to real time.

### **The risks of a long cycle**

**Aditya Joshi:** Exactly. And that's important because behaviour and channels are changing. A long cycle increases the risk that consumers have moved on to the next thing and your campaign won't be effective. Social media is a good example. It's changing all the time.

**EIU:** The CMO function has been neglected in a lot of companies in the past, but it seems to be increasingly critical. Do you think the CMO's prominence and importance will continue to grow over the next five years?

*Aditya Joshi:* Sure. Bigger budgets, more responsibility. And more bridges between marketing and other functions. Senior marketers are realising that a lot of critical marketing decisions no longer sit neatly within the four walls of marketing. They're shared with other functions.

Take marketing technology, for example. That's a decision now shared between marketing and IT. In many organisations, the decision to buy a particular piece of marketing technology falls in a no-man's land between functions.

One thing that distinguishes marketing leaders is the ability to set up collaborative, cross-functional processes. Even before a decision is made, there needs to be agreement on how the decision will be made. It sounds prosaic but it's really important: you've got to agree in advance what the decision is, what criteria will guide the decision, and who will play what role in the decision process. So when buying marketing technology, you need to agree on the decision criteria upfront. You'll also have to figure out roles. What's the role of marketing? What's the role of IT? What's the role

of finance? Who has what decision-making rights? Progressive marketers are starting to understand and embrace the need to set up cross-functional decision-making processes.

Yes, CMOs will have a lot more responsibility. Their visibility, their profile, the profile of the marketing organisation--all are going to increase. Some of the roles will change too. But it's going to be critical for marketing to collaborate and be explicit about how to make big decisions across boundaries.

### **Strategist, analyst, technologist**

*EIU:* Could you talk a bit about how roles will change? Marketing ops used to be a neglected area. With the emphasis on technology, data and analytics, it's becoming the core of marketing. What skills will they need? How will their budget allocations change?

*Aditya Joshi:* When you talk about skills and roles, it's important to distinguish between the marketing organisation and individuals in marketing. At most organisations, marketing has historically been a creative function that focuses on building the brand by developing and executing campaigns. Those skills are still going to be very critical. The core of marketing is still telling a story that wins over customers.

But three new roles are going to become more and more important.

The first I would call out is strategist. Given the furious rate of change, marketing needs to understand the business priorities in terms of segments, product lines, markets. It also means knowing the role that marketing needs to play in advancing the business strategy.

The second role is analyst. Marketing needs people with the skill set and capabilities to take unstructured data from many sources, come up with the right hypotheses, find the insights and translate those into business and marketing implications. Part of this is bringing in data scientists and statisticians who understand marketing and can act as the experimenters and analysts.

The third role is technologist. There is a huge portfolio of technology solutions out there to solve marketing problems. You need people who can help you choose. They need to straddle marketing and IT. People talk about the chief marketing technologist and that is becoming more and more common.

The key thing to remember about all of these new roles is that a more analytical approach to creating, publishing and distributing content is going to become increasingly critical in a world where consumers are setting the terms for how they want to be engaged. The old interruptive push marketing won't be as effective anymore.

*EIU:* So CMOs need to attract people with strategic, analytic and technocratic intelligence to a function that has traditionally been creative. Do you find that combination of abilities in the same people? I don't think you do. A creative type can use a spreadsheet, but that's as far as it goes. It seems like there's a growing schism within marketing.

*Aditya Joshi:* I totally agree. And that's why I made the distinction between the organisation and the individual. The organisation needs to have a multifaceted personality. You can't expect that from most individuals. Very few people have left- and right-brained capabilities in the same depth and strength. Essentially, what you would need is a modern-day Da Vinci. But you know how rare that is.

## The power of many

*EIU:* But you can create a Da Vinci in the aggregate. You hire different people with different skills who combine to create a Da Vinci. That's your ideal marketing team.

*Aditya Joshi:* That's right. The organisation as a whole can't be just right-brained or left-brained. The organisation has to be both-brained, which happens only when you can get both groups to work together effectively. That requires a leader who sponsors and champions the notion of getting both kinds of personalities working together. That is easier said than done, because the leader is most likely either left-brained or right-brained.

*EIU:* Traditional marketers who work in engineering-dominated companies often become frustrated because they feel that their creative intelligence doesn't get sufficient respect. And I'm sure the same is true of engineers working in ad agencies.

## Turn collaborators into heroes

*Aditya Joshi:* It's a difficult problem. The marketing workflow is very siloed today. You've got analytics up front, then you've got a huge creative piece of the workflow, the campaign is launched and then more analytics

at the back end. You've got to break that up into a more iterative workflow where left- and right-brained people work together. Find people who are good at collaborating and champion them, make role models out of them.

The fashion industry is a good example of this. At Gucci a few years ago there was a great partnership between the creative fashion designer Tom Ford and the business guy Domenico De Sole. No one is going to be an expert in both but you need left-brained people who understand how they can be helped by the right-brained folks and vice versa.

A left-brained person might be great with data analytics. But that's where they might stop. The right-brained person comes in and says, "Okay, here's how I would use that insight to change messaging, positioning, how we go to market and what we say to customers." That's where the data analysis has real value. The left-brain analysis gets you to the 70 or 80 yard line and the right-brained person gets you over the goal line.

## Get buy-in at the top and on the line

Another part of the narrative is making sure your organisation is ready for it. Do you have the right sponsorship throughout the marketing organisation? If a marketing technology is championed by the CMO but you haven't got the buy-in from the front-line marketers who will use it, that should be a warning signal. If you don't change the marketing process in order to use the technology, that's another kind of warning signal because anachronistic processes get in the way. So you either won't use the technology or it will be underutilised because you haven't fixed the process.

Finally, you need to make sure you have the skills to use the technology. Will you need training? Do you need a training budget? You're going to see more and more marketing budgets shift towards enablers like technology and analytics and, importantly, towards training. Certainly from a media perspective, you'll continue to see a shift towards digital.

**EIU:** What's your definition of customer engagement or engagement marketing?

**Aditya Joshi:** People use different terms that are somewhat related-- content marketing, inbound marketing,

pull marketing. The idea is creating content that has value to the customer. Traditionally, marketers would shower customers with messages that they might or might not want. Engagement marketing is the delivering of content that even off the shelf is going to add some value--help them think about their problem in a more sophisticated way, frame their choices, offer recommendations that are agnostic to a particular product push.

That's where you start. Then you can build up to a discussion of the merits of your product versus others. But engagement marketing is first and foremost rooted in the needs of the customer and the business problem he faces. If you're able to do that, you're going to get attention.

**EIU:** What are the economic benefits of engagement marketing compared with traditional marketing?

## Provide value to get conversions

**Aditya Joshi:** The customer sees you as a provider of value that goes beyond the product itself. Ultimately, you get more consideration, more conversions, and that has economic value. Also, if you do it well, people pass on your content to others. Word-of-mouth referrals have much more value than paid advertising

or traditional push messages. The word-of-mouth economics of engagement marketing are considerable.

**EIU:** How do you measure that engagement? Can you use the usual funnel metrics used in lead generation?

**Aditya Joshi:** Certainly some of the traditional metrics are good ones. Many of the things that used to happen in the early stages of the sales funnel now happen independently of a salesperson. Customers are either interacting with your content directly or discovering other kinds of expert advice or content. Word-of-mouth is tricky to measure, but there are ways to know when your content gets passed on.

**EIU:** In the B2C world Red Bull and Nike are known to be good at engaging customers. What about in B2B? Who is doing a good job engaging customers there?

**Aditya Joshi:** A lot of the professional services companies do a good job. Engagement marketing is a natural fit for professional services firms. The product is intellectual capital. It's a small step back from creating content to be consumed by customers, so I think professional services firms do a good job of it. Technology firms are getting better.

## The three-stage funnel

**EIU:** Who is doing a good job in IT?

**Aditya Joshi:** I can't disclose the names of clients, of course, but a couple of the big enterprise software companies are making great strides. They've gotten marketing and sales to work more closely together in an end-to-end funnel, with marketing on one end, lead generation and lead qualification in the middle, and lead conversion by sales at the other end.

They've also started collaborating on content and segmentation. Getting marketing and sales working together in enterprise software sales is critical because there's a long purchase cycle, many decision-makers and influencers, and an increasing appetite among customers to research and digest useful and relevant content before they are willing to speak with a salesperson. Done right, the content helps educate customers on their needs and how specific products and services address those needs. Distributing it within a customer's organisation gets influencers on the same page about the products.

**EIU:** You've got a unique perspective, Aditya. Thanks for your time.

**Aditya Joshi:** You're welcome. I enjoyed it.





## Marc Mathieu: Find a truth and share it

*Marc Mathieu is senior vice-president of marketing at Unilever. He is responsible for the development of the company's new global marketing strategy--Crafting Brands for Life--which supports the company's growth ambition of doubling in size while reducing its environmental impact. Previously, he served as senior vice-president of global brand marketing at Coca-Cola, where he created the "Coke Side of Life" campaign, launched Coke Zero into 50 markets and developed the sustainability platform "Live Positively". Mr Mathieu is a co-founder of the strategic branding consultancy, Bedo. He sits on the Advisory Panel of the Guardian Digital and Media network and writes regularly for Campaign magazine.*

### *Economist Intelligence Unit:*

Marketing has changed a lot in the last five years. Let's go out to 2020. Where is marketing heading?

*Marc Mathieu:* I can answer the question by describing how I spent my time today. For perhaps a quarter of the day I spoke with people about data and data strategy. I spent a couple of hours talking about artificial intelligence. I also spent a couple of hours talking about start-ups and how they're changing marketing. After we finish this conversation I'll be talking to people about smartphones and how they're changing business and marketing. That's my day today.

Three years ago none of these would have been on my radar screen. I would not have spent a lot of time on data or marketing platforms or artificial intelligence or start-ups. I think it says a lot about how vast the change is. To me it proves that marketing is changing at an incredible pace and the biggest

driver is technology--how we connect with people, learn from people, connect with entrepreneurs and follow everyone.

*EIU:* Three years ago we had mobile, we had social media and we had a tremendous amount of data, so I'm not sure how that's a change.

*Marc Mathieu:* The trends existed, but they didn't permeate the everyday life of the marketer. And marketers were not necessarily looking at ways to embed them at the scale they are today. Three years ago those were pilot programmes. And mobile existed, but now we use mobile to think about developing personal relationships with people at a scale that enables a company like Unilever to actually connect to a large group of consumers. The scale wasn't there to be very useful to an organisation like Unilever.

### **Share the truth**

*EIU:* How is the shift from the creative side to data and platforms going to change the job of marketers like you?

*Marc Mathieu:* Our strategy is around sustainability, transparency and trust. And that's enabled by changes in how people communicate, which technology has made more open and real-time. Today, and even more so a few years in the future, we can build

a direct relationship with people by having a conversation with them.

There's a quote I like: "Marketing used to be about creating a myth and selling; now it's about finding a truth and sharing it." We're looking for ways to share a truth, to invite in the audience and let them take ownership and share it with others. You see that in our Project Sunlight campaign. We created a command centre where for several weeks we had two or three people from each of 12 to 14 agencies, plus marketers who publish, analyse, listen and edit. The conversation is dynamic and in real time. The marketers can respond to the interests they see building.

### **Admit you don't have all the answers**

*EIU:* You can't sell a myth in an age where everybody sees everything--where social media makes communication completely transparent. It sounds like Unilever sees transparency as an opportunity.

*Marc Mathieu:* We have an initiative to double our business while reducing our environmental footprint in order to have a more positive social impact on society. We recognised that in some areas we knew exactly what we would do and in others we needed to figure it out along the way. We



admitted that. We acknowledged that we were leading in some areas, but in others we had a long way to go. In Project Sunlight, we interviewed ordinary people in the form of a social experiment documentary. We sought people's reactions to discover truths as opposed to creating advertising to promote a self-serving point of view.

**EIU:** Do you think marketing is going to become more important as a source of differentiation outside of the consumer goods industry?

**Marc Mathieu:** I don't think marketing's importance is specific to particular industries. People expect truth, transparency and real-time engagement and communication. That puts a huge responsibility on marketing to be able to understand those trends and embed them in the marketing strategy.

But it also gets to the heart of the business strategy. The business needs the marketing function, and that need is growing. Marketing looks at trends in society and helps evolve the organisation's vision, strategy and plans while at the same time staying true to the purpose of the brand and the company. Marketing also helps the organisation become more open

to ways to deliver on the purpose outside the specific products you sell while at the same time being very clear about what is part of the purpose and what is outside the purpose. A lot of the work I've done at Unilever has been around ensuring that each brand has a clearly articulated purpose and connects to sustainable living practices.

### **Make the inside reflect the outside**

Marketers also have a responsibility to ensure that the inside of the corporation reflects the changes that are happening outside the company. Especially when it comes to technology, the pace of change among consumers is often faster than the changes inside the organisation. Think of how Facebook and Twitter and Google have changed our personal lives.

**EIU:** It sounds like you're saying marketing has a responsibility to ensure that the organisation reflects the markets they are selling to. So if consumers are using Twitter, if they're on Facebook, then those are also important trends to incorporate into the organisation as well. You are bridging the gap between the lives of consumers and the lives of people in the organisation.

*Marc Mathieu:* We need to modify our outreach based on how the outside world is changing. And at the same time we need to bring those external changes into the corporation. Those are the two big trends.

*EIU:* Could you take a crack at defining engagement marketing? What does it mean to you?

*Marc Mathieu:* It means developing a personalised relationship with customers in a way that yields a high degree of utility at every moment, depending on their needs, moods and mindset at that moment. One of the reasons brands like Google and Apple are so relevant today is because we engage with them all the time. With Google, I'm on solid ground: search, Gmail, Google Maps, Google Earth and so on. We engage with Google constantly, which results in a high degree of intimacy and makes it very relevant.

With Apple, it's through the phone, the apps, the computer and the music. The brand is in front of me many times a day, but it's not in my face. Apple recently removed the "i" so that it's no longer iPad but Apple Pad and no longer iWatch but Apple Watch. So they've started to put the Apple brand in the core of the product brands. That's how I would define engagement: It's the personalised, conceptualised interaction touch that is relevant to me multiple times a day.

### **Define the product broadly**

*EIU:* I can see what you're saying with Google. But there are a lot of companies that you may need, but don't need to interact with very much. I'm thinking of my insurance company, for instance. Maybe I interact with them twice a year. How do you apply engagement to organisations where the nature of the product is such that there are very few touch points?

*Marc Mathieu:* I would disagree with you about your insurance company. If it's car insurance, you probably engage with your car twice a day if not more. Think about insurance in the context of your relationship with your car as opposed to the relationship with your insurer.

*EIU:* If you define the product broadly enough, in the context of how it is actually used, engagement is possible across a much wider range of interactions.

*Marc Mathieu:* Which is exactly why I spend a lot of time thinking about the role of platforms in the marketing of the future. Platforms can bring together the delivery of multiple products and services in ways that can help serve people's needs. Think about the evolving business models of Google and Apple. Last year they were voted the number-one and -two brands in the world. Ask yourself the question, "What does that mean for my brands and marketing strategies?"

We developed The Unilever Foundry as a platform to connect our brand with marketing start-ups. We used to work with start-ups one by one, but now we have a system that enables us to work with start-ups at the scale of Unilever. It's not a consumer-facing platform, but it's still external-facing. It's an ecosystem that is integrated into a network of Unilever brand vice-presidents, who are the people start-ups want to develop pilots with.

*EIU:* Thanks for being so generous with your time, Marc.

*Marc Mathieu:* They're good questions and it's been useful for me to articulate all of this.



## Jim Stengel: Marketing is at the centre of strategy

*Jim Stengel is a businessman, author, professor and public speaker. A 25-year veteran of Procter & Gamble, he was global chief marketing officer from 2001 to 2008. He is currently CEO of The Jim Stengel Company, where he advocates for ideals-driven businesses and brands. He's the author of "Grow: How ideals power growth and profit at the world's greatest companies", is on the board of AOL, advises MarketShare and Myrian Capital, and is a former chairman of the Association of National Advertisers and the American Advertising Federation Hall of Fame. In 2011 Mr Stengel was named to the first-ever Fortune Executive Dream Team.*

**Economist Intelligence Unit:** Think about 2020. Five years out. What will the big trends in marketing be over the next five years?

**Jim Stengel:** Personalisation is a big one. At Cannes this year I actually heard the word "innernet", I-N-N-E-R-N-E-T, how the Internet is becoming the innernet--the idea that things will be coming to you instead of you going out and searching. It's already happening, but we're only in the beginning. When things come to us in a personalised way, it will simplify things for us. Google knows where I'm about to go and what I might want to eat because I let Google have my personal data. Personalisation is going to happen big time. A lot of innovation. A lot of start-ups.

The second theme is automation. There's still a lot of human involvement in things like advertising. The processes are going to be automated. The whole industry will go the way of Amazon. If you believe in the drive for efficiency,

automation is the way to get it. Google is well placed. AOL is well placed. Others are vying for a place.

On the softer side, the idea of ambitious purpose is a huge theme. Companies aspire to have a much larger impact on customers, consumers and the world. It's where so many of the leading brands are going and have gone. And these are brands that have experienced sustained growth.

### **Flaunt your humanity**

I guess it's related to ambitious purpose, but there is also this idea of a strong sense of humanity among employees and also with customers. A lot of the start-ups are leading this. Skype is no longer a start-up, it's owned by Microsoft, but it is working to show the human impact of people connecting through their technology. They did a wonderful video of two girls in different countries, each born with one arm, who became friends over Skype and got through life exchanging tips and hints. They finally ended up meeting in person. This sense of humanity is a really strong theme in marketing.

The last one is the fact that everything is becoming more visual. The web is turning into a visual medium. That's why Snapchat and video advertising are exploding.

*EIU:* You already bridged to the second question, which is "What are the most effective marketers going to be doing five years from now?" The themes you listed are personalisation, automation, ambitious purpose, humanity and the visual aspect of communication. When you talk about automation, you're talking about marketing automation obviously. But you're also talking about an online marketplace for advertising that could displace ad agencies from their traditional function.

*Jim Stengel:* That's absolutely right. And it enables a tremendous amount of analytics to be done with that data because as pushing out ads and content becomes automated, datasets are created that are much easier to understand. That's why you're already seeing an explosion in predictive analytics. Marketers are getting much more specific information about where to put their resources.

I work with a company called MarketShare out of Santa Monica. They were an early company in that field and they're just growing exponentially. Cheap computing power, huge growth in data, marketers who need to understand their spending, and that's why there's a real explosion in start-ups in the space.

## **Use the tools of marketing to get spectacular results**

*EIU:* So all these big trends have helped to elevate marketing into a more important function than it was in the past, when it was synonymous with advertising. Will marketing continue to grow in importance as a function in the next five years?

*Jim Stengel:* I think so. Marketers are going to be executing against the themes we talked about, but they'll increasingly come to be seen as people who can help companies with their growth strategies. Companies are growing earnings faster than they're growing sales, and that can't go on forever. The market places a huge value on growth.

There are incredible companies with strong legacies that don't have a growth culture. Those companies can use the tools of marketing to get spectacular results. They need to attract talent. They need to build the right capabilities for the future. That requires a strong marketing organisation with an understanding of its role in the enterprise, of the consumer, of what about their product or their service is attractive and what that can lead to. Getting insights into the consumer is huge, and that's marketing's role.

Marketing used to be seen as the communication department. But marketing is really at the centre of strategy, and strategy means where the company is going and what choices it is making to get there--how it is going to win. When marketing takes a leadership role on those questions, there is a more robust and customer-centric strategy. The company has a clear direction.

## **Pivot from your ambitious purpose**

*EIU:* The traditional idea of marketing is that it comes at the end. After the product is created, they ask marketers, "How do we sell this?" What you're saying is marketing comes at the start.

*Jim Stengel:* Absolutely. Marketing helps the organisation clarify and articulate its ambitious purpose, and everything pivots around that. The CEO and the entire enterprise need to ensure that marketing is part of the team that brings the ambitious purpose to life. Marketers that do that well can really distinguish themselves.

*EIU:* Let me go on a brief tangent. We hear more and more about the impact of privacy, especially in Europe. Google is now being asked to erase people's pasts based on their requests. Will that interfere with personalisation or the other trends that you've talked about?

*Jim Stengel:* It's a big issue and I don't want to minimise it. But if you look at consumers, especially the generation now in their 20s or late teens, they've grown up sharing everything and have no qualms about it. They see the value tradeoff to be very positive for them. Consumers want to share their information. They want things to be personalised. This is going to happen.

### **View brands as relationships**

*EIU:* How would you define the concept of "engagement marketing"? How does it differ from traditional ways of relating to customers?

*Jim Stengel:* If you think about the customer using the metaphor of a relationship, you can't go wrong. At P&G we used to say that if we measured our brands the way we measure healthy relationships with other people, it would lead to a high market share. So think about your relationships. Do you look forward to seeing that person? Do you care about them? Do they share your values? Do you speak well of them to others?

That metaphor is powerful. It works in every category. Ask those kinds of questions to a leadership team about their customers and you get a whole different way of approaching the customer. When you start getting

to the things that drive engagement, your relationships change. The specific ways you measure engagement change based on the product category, but it's a good way to start.

### **How to get the CFO's attention**

*EIU:* Engaged customers are an asset that you've invested in and built up over time. How do you explain the value of that asset to a CFO who wants to know about ROI? Do CFOs care about softer metrics?

*Jim Stengel:* CFOs do care. But a lot of marketing people don't fully understand what drives engagement. If you can quantify engagement, any CFO in the world will pay attention. And not just pay attention, but say, "How can I help?" But too many marketing people don't understand what drives growth, what drives market share and what makes their company preferred over others.

*EIU:* So that brings us back to the question of what capabilities does a company need in order to drive engagement. Is it customer centricity? Is it the focus on customer experience? Is it consistency across channels and touch points? Are they all equally important?



*Jim Stengel:* The most important is a culture of customer centricity. "Culture" is not just a soft word. You can break it down into how people work and what they do. It is rituals. It is processes. It is who is getting a raise and who is getting promoted. What are the measures on personal work plans? What are the measures on the business? And if there isn't some measure of customer experience, customer engagement, customer loyalty in those measures, it will not be sustainable.

One thing you can look at across categories is the experience. What's happening when people go online to buy you? What happens when they search your name? What happens when they walk down the aisle? Are you easy to find? To distinguish from others? Are you priced about right? Are you easy to carry? Are you easy to use once you get home? Are you easy to recycle?

When you get into a more personal sale, like Zappos or an automobile, this idea of the consumer experience can be rich. There are many interactions and touch points where the consumer

can be engaged, annoyed or indifferent. But this idea of paying attention to the consumer experience crosses every category, and that's often where I start with clients. The process is always rich with insights.

### **Stronger, more powerful, and taken more seriously**

*EIU:* Do you think marketers are getting better at engaging customers? Is the quest for engagement becoming more widely accepted, both inside and outside of the marketing profession?

*Jim Stengel:* Yes, I do. Look at the books written now. Look at what start-ups are spending on marketing and what investors are paying for marketing start-ups. Look at the quality of the people in the jobs. Look at the number of brands that have broken away and differentiated themselves. Marketing is becoming a stronger, more powerful, more talented and more serious function of business. Everyone in the world wants to figure out what's going on at brands like Red Bull and Nike. They are winning by being consumer-centric and driven by ambitious purpose.

**EIU:** So Nike and Red Bull have become aspirational role models for marketers in other companies.

**Jim Stengel:** Yes, and not just consumer goods companies--all kinds of companies. When clients want to benchmark themselves against others, they look for companies that have differentiated themselves on customer experience. People are benchmarking outside their categories much more than they used to.

### **The always-on mentality**

**EIU:** Another trend seems to be the shift in the marketing operations space. Marketing ops is hiring different kinds of people, looking for different titles, allocating their budgets differently.

**Jim Stengel:** Even five years ago marketing was still set up only to run campaigns and launches. There is still a fair amount of that. But the marketers who are setting the tone for the rest of the world, the Cokes and the L'Oréals of the world, they're always on. It's not the old mode of starting one campaign, looking at the results, doing another campaign. They're always there.

Look at Visa and Nike at the World Cup. They were taking advantage of things that happened at the moment

and sharing it and linking it to their brand. You're going to see more of an always-on, 24/7 mentality. That's a different way of working. It requires more capabilities in-house versus the agencies because you don't have time to communicate and plan. I was at a presentation with Coke earlier this summer and they talked about how they redesigned the organisation to be ready to engage all the time.

That's a huge shift in marketing operations. I fly Delta a lot. If you have a problem, they're responsive. They're very proactive. You're going to see more and more of that. We live in a world that wants answers quickly. People expect more and more of that from their brands.

### **The assembly line versus the trading room**

**EIU:** What's the right metaphor for that? Marketing used to be an assembly line, a campaign factory. Now it's more like a trading room.

**Jim Stengel:** It's a trading room where the traders are playing jazz.

**EIU:** Yeah. [Laughs.] But they still need to do the traditional business of executing campaigns. That's not going away, right?

*Jim Stengel:* There will always be the equivalent of an iPhone launch. But there will also be day-in and day-out efforts to build a relationship with the customer--the customer who in return rewards you with a stream of purchases.

*EIU:* One of the most-hyped words in marketing is "storytelling". We all know the story of Steve Jobs building the first Mac in a building with the pirate flag. Or Bill Bowerman using a waffle iron on his homemade running shoes. Those are powerful stories. Can you talk about how stories help to drive engagement?

## **Every story needs a purpose**

*Jim Stengel:* You don't have a story unless you have a purpose, have ambition, and are trying to make a difference in the world. More and more, people care about where brands come from. Stories bring the character of a brand to life. Sam Adams, Starbucks, Tesla, Ritz-Carlton--they're all out there with a story. The brands that have a story consistent with their heritage get more engagement.

*EIU:* Do stories work better for fringe brands? There's a David-and-Goliath character to a lot of brand stories.

*Jim Stengel:* The fringe brands and start-ups are pushing the envelope. They always do. But many big brands have resonant stories. Look at Louis Vuitton. The storytelling they do about the adventure of travel and exploration. And small brands become big brands. Red Bull has sensational stories, and it's now a big brand.

*Economist Insights:* Thanks, Jim.

*Jim Stengel:* It's been a pleasure.