

Flip the Switch

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When I think of the growing force of technology in consumers' lives, I'm in awe of their dependence on it and daunted by the complexity of it. As a marketer who is rooted in insights and measurement, I'm excited about the opportunities that come with this consumer. I think we all are. However, in terms of our response as marketing organizations, I can't help but feel like we're insistent on lighting a candle instead of switching on a light bulb.

It's been said before that our industry is at a crossroads between traditional, reliable models (such as television advertising and trade promotion) and new, digital tools. The traditional formula continues to wane in its effectiveness at driving growth. With the new digital tools, it's no longer one-size-fits-all when reaching these new, complex consumers. It requires more effort to drive engagement by being more relevant to consumers who now have all the power.

Learning about consumers matters more than pass/fail sales results.

Think about that power: Today, Walmart's mantra is to connect the physical store with the digital. They're one of the best at it, but it took 10 years of Amazon chipping away and Walmart seeing consistent declines before it acted. Look at Blockbuster (rest in peace), the video-rental chain

that waited too long. Before Blockbuster got their first DVDs into envelopes, Netflix had already moved toward streaming. The consumer is in control and brands and retailers need to listen early on.

Now, I don't want to be another voice crying: *Out with the old, in with the new.* That's not really the point. The point is that technological innovations in consumers' lives are giving them more power every day and these innovations require businesses to be as innovative in their approach to understanding consumers as they are in the products they make.

It starts with measurement. We do a really good job of reporting the volume and meeting plan (you know, the whole point of making and selling stuff), but we do a terrible job of taking the 1,000 things we did to get there and measuring them against their Key Performance Indicators (KPIs) and *why* that consumer responded. We do an excellent job of dropping everything and gathering the data for our marketing mix analysis, but a terrible job of stopping to ask: *How do I know that program I spent \$100,000 on last week worked, and what can we learn from it about consumers to make it bigger, better, stronger?*

A first step in getting brand marketers a step closer to pulling the chain on that hanging light bulb is to instill a process of performing and appreciating event-level KPIs

and micro-measurement. We need to understand the consumers we have, how we got them, and why we didn't get the ones we thought we'd get. So again, I know that traditional candle is romantic, and we like following the traditional path, but we'll get a lot more illumination from a light bulb.

It's considered the small stuff, but brand and sales teams could learn so much more if they looked at KPIs with the same amount of rigor they do to ensure they're making their sales plan numbers. To change thinking around micro-measurement will take time, but it can be done.

CULTURAL SHIFT

We live in a culture of meetings and managing requests, not a culture of measurement or developing knowledge. We have too many meetings and not enough people focused on the business of business itself. This is a function of being past the days of low-hanging, double-digit growth, and living in a much more complex world of single digits that are the new reality for many brands and retailers. We are not set up as an industry to be agile; there are not enough people doing the work of the business versus the work of the company and its structures. *Are you empowering—and are you empowered—to think about driving innovation in the business to drive consumer engagement?*

Organizations are quick to cut back on headcount and package sizes to drive efficiency, but leave no time to think outside of the box and learn about the consumer. Organizations need to embrace learning instead of focusing solely on short-term volume and profit, and making the numbers in an at-all-costs environment. We need to fail freely. We need to value continuous improvement over simply scoring each project as pass/fail. I have several suggestions.

Learn how to learn again. Let's return to the scientific method. It's okay to not know everything. We need to keep conducting experiments, asking questions and collecting data. Companies can start by recognizing that not all data matters and not all results can be measured, but companies can take away the questions they should be asking to be smarter for the next go-round. Marketing managers should be made to feel it's okay to experiment in order to learn more about their consumers—with some discipline to assure reasonable risk, of course.

Marketing managers shouldn't feel they always have to run the same plays to ensure the same volume year-over-year because the risk is greater than the reward. Free up marketing managers to learn, as opposed to working the procedural handbook. Only one in 10 efforts may work, but the knowledge gained may fuel the next 10 ideas.

Reshape the funnel. The old marketing funnel puts the brand reach at the top—the widest part of the funnel—and filters down to advocacy or word-of-mouth. The top is about the brand message, a mass-media deluge for eyeballs. The middle of the funnel employs different tactics to engage, convert and drive consumers to purchase. It's not linear and a lot can happen in this middle, which is where the focus should be today. The new funnel should be shaped more like a lantern or lava lamp (for you kids of the '60s), with the middle expanding to be bigger than both the top and bottom of the funnel.

It's the middle where we've learned how to deliver the right message to the right consumer. However, from an advocacy standpoint, the bottom of the funnel is no longer just the tip of a triangle, it's expanding because we have more means to identify who bought our product and where, and have open communication with them using more digital tools than ever (CRM, social media, remarketing).

Disarm the shotgun. Look at your consumers or shoppers on a micro level to gain a better understanding of their molecular structure and how to grow them individually through insights, demographics and behaviors. It's targeting by relevance, as opposed to leaning on that old shotgun blast messaging to hit everyone you can.

Give yourself some time. Within my own insights group, any innovation can take three to five years to put in place. On the flipside, each time we begin a new program, if we've been doing the same thing three years in a row, we tear it down. In that span, the consumer, the technology, and the business have changed.

None of this is easy, unfortunately. Silos are in place that stop innovation (meant to drive process and efficiency, of course), and every organization culturally has different levels of risk tolerance. It's a big fight to move away from what has always worked (and is now working less well) and it takes courage to step forward and advocate for change, while not fully knowing what is next.

IT CAN BE DONE

For example, we've always relied on in-store sampling to support new items, but what if we ran digital media instead of price-point feature ads in areas surrounding the stores? Traditionally, the digital-media program would look at total clicks and coupons printed. However, if you take the extra time to set up a control-store test, you can measure event-level KPIs and understand whether price messaging would be more impactful than targeting the right consumers with various benefit messages. You might gather data that reveals higher store velocities where the media ran compared to stores that relied on traditional pricing tactics. It's something you wouldn't learn just by relying on the standard measurement of the past.

Another example could be to run a seasonal online-display ad, let's say sunscreen in the summer. If that brand simply settles on clicks to gauge engagement and score whether a program worked, we'd all feel good about 'winning the season,' but wouldn't know where or why we got which consumers. If you have a portfolio of sunscreen brands or variants, a more granular approach of targeting the right benefits to the right consumers during the peak season could then be tested, so that during each season or promotional window, the messaging to the right consumers would be more impactful. Setting up market-level and household-level testing and messaging hypotheses is a critical part of developing a robust learning and KPI process.

That requires granular thinking and, yes, it's a digital program that may not register in the marketing-mix analysis. What is learned can lead to continuous improvement. It's not about spending half a million dollars on a major measurement tool or third-party data, either; it's about spending extra time to get a little more granular and discovering which methods are better to measure a program.

A recent Forrester Report (*The State of Digital Coupons*, August 2014), sponsored by RetailMeNot, studied the impact of mobile coupons. The study found that in the span of three months, nearly 70 percent of consumers made between one and 10 purchases online, and 86 percent of them used a digital coupon. Nearly 60 percent surveyed said a coupon was the most effective digital promotion. From those results, clearly we know the consumer's

attitude toward coupons: They like 'em and use 'em, particularly over mobile phones and desktops.

We shouldn't stop with just knowing that a coupon worked and being content with measuring coupon downloads, however. More can be learned about which consumers were interested in the coupon, when a coupon was downloaded, when it was redeemed, what else was bought with it, the time of day it was downloaded, when was the best time to deliver it, and so on.

In this same study, nearly 70 percent of respondents said they were likely to tell a friend about a company with an online coupon. Sixty percent said they would be more likely to become brand loyal based on an online coupon, and half said they were more likely to buy a product at full price later on from that company. Find out where that coupon measured against all of those areas and develop engagement strategies to manage consumers more holistically instead of 'one and done.' There are always opportunities to get more granular that could lead to new processes and efficiencies.

Changing habits while striving to think at the pace of the consumer, who is driving data and metric technology at record speed, takes courage. We have to manage the business the same way with the same deliverables for volume and profit goals, but we need an approach that goes beyond making or selling products the way it's always been done. It's a consumer-controlled engagement now and we need to spend more time understanding how each consumer values the product while building targeted, relevant and meaningful programs specifically for them.

To do this is to micro-measure and get granular. The challenge is to break down the silos that prevent a new approach. It won't be easy. It will take time. That's because, believe it or not, there are greater pressures on all of us that suggest we continue to light a candle as opposed to just flip a switch. ■



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