

## ***"Thus Spake...The Consumer"***

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The title adapted from Nietzsche's (1844-1900) opus magnum, "Thus Spake Zarathustra", could not be more appropriate for my reflections on a CMO roundtable discussion which I attended last week, sponsored by the Harvard Business Review. The group got together to discuss possible Marketers' reactions to quantitative evidence suggesting that consumers want the truth and only the truth from advertisers.

In his opus magnum, Nietzsche called for the need of a new structure of values and the development of a new man, free from the fear, prejudices and limitations imposed on him by history. Following my reflections on the CMO discussion, I am almost forced to call for the development of a new breed of Marketers, free from preconceived notions, expected roles, structures, and practices from the past.

The concept of consumers wanting the truth is indeed an interesting one. On its most superficial level, it stands for Marketers praising only those benefits that their brand can deliver. I guess that is one truth that most Marketers can agree with. The problem with limiting the discussion to this is that...well...it is indeed very limited. It presupposes that in consumers' lives and minds, there is time and attention solely for plain, unvarnished, objective facts - facts which can only be told through open, unfiltered and transparent channels. A close look at our own life will disprove this concept without the need for a lot of quantitative data.

The subject of "truth" is never monothematic but rather tri-dimensional. There is the truth about the brand's rational benefits. There is the truth about the consumer's life. There is the truth about the relationship between brand and consumers within the consumer's life. And then it gets really interesting...there is the argument about "truth" as it is, or "truth" as the consumer would want it to be...that obscure and magical territory of consumers' dreams, fears, hopes and aspirations...where the big iconic brands of this century have been built.

### ***Challenges of the New World: Embracing Complexity***

Although understanding the hierarchy and relevance of the different levels of truth for a brand has always been a challenge for Marketers, advances in science, technology and transportation have made the search for and the connection to relevant consumer truth more challenging than ever. Consumers have more access to information, more ability to connect, and more mobility, which means consumers have more choices than ever before. Although this in absolute terms is good, it does not come free to either consumers or Marketers. With every choice comes the responsibility to choose. With the responsibility to choose comes the need to be informed. The management of the link between information and choice for each brand, to and from the consumer, will translate into either a virtuous cycle of equity building and trust or a vicious cycle of equity drain and eternal mistrust...

Most evidence will support that the pace of change has been faster than our consumers' ability to absorb it. Advances in science have created new moral and principled dilemmas, from the ethics of stem cell research, to the definition of the quality of life, to the need for new explanations of the universe. Advances in technology have created new dimensions within the concept of doubt, as consumers can access hundreds of thousand of points of view for each "truth" through Google. The proliferation of official and unofficial media sources and options has also accelerated the de-mystification of consumers' traditional point of reference in life, whether it is church, government and/or corporations. In the home, the introduction of multiple technologies has added complexity to the concept of privacy, work and life balance and connectivity, as our consumers can be "wired" to world and family 24-7. Finally, advances in communication have translated into more virtual and less physical connections among people, as consumers can "be", without "being", virtually anywhere.

This all means that the life of our consumers may be improving in many ways, but it is also getting much more complex - filled with paradoxes in their outlook of life. First, consumers feel the pressure to be more in control, through the choices provided by advances in technology and communication, with the feeling to be losing control as the same technology and communication seems to be invading all elements of their daily lives. Secondly, in a world without physical and virtual boundaries, consumers also feel the pressures between their need for individuality with their need for connectivity: to "be" and to "belong" at the same time. Lastly, they feel the pressure to open up to the "relativism" of the expanding nature of knowledge, with the need to close in on the values front, so that ethics and morality can continue to be managed as "absolutes". There is nothing more disturbing than a world without anchors. As Francis Bacon said in the 1600's, "the human understanding is not composed of dry light, but subjected to influences from will and emotion, a fact that creates fanciful knowledge: man prefers to believe what he wants to be true". In no time has this statement rung truer than now.

In attempting to manage this increased level of complexity, consumers are turning to new filters and points of reference. These are people, brands and services that can edit and interpret the overwhelming amount of information into a format which can be digested and absolved according to consumers' points of view and/or biases: red and blue media, Oprah, Dr. Phil, and pre-screened internet dating are some examples.

### ***The Role of the New Marketer***

The role of the Marketer in this new world is to totally embrace this complexity. It means fully adopting consumers and their paradoxes and changing the way we do Marketing to reflect the new environment. To do this we will need to:

- Create new ways of interacting with consumers;
- Return the brand to the center of all Marketing activities;
- Create drastically different Marketing and advertising structures and processes;

### ***A New Way of Interacting with Consumers: Embracing Intellectual Voyeurism***

In 1888 William Osler, first Chief Physician of John Hopkins University, revolutionized medicine by suggesting a novel concept. He believed that medical students would learn best at the bedside, observing first-hand and communicating with the patient. No analysis or lecture would provide the holistic view required for accurate diagnoses. Since medical instruction should begin and end with the patient, books, lectures and data analysis were intended as supportive tools toward this end.

We need a William Osler to redefine the way in which Insights and Marketers approach information and the consumer. The same new world that overwhelms consumers with information also overwhelms our Insights and Marketing functions universally. Advances in technology, quantitative methods, and modeling are creating so much information about the consumer that it is becoming difficult to manage. The amount of data available is so monumental that Insights executives and Marketers can spend a lifetime in front of the computer identifying vectors, correlations, and redefining segmentation to exhaustion. The risk here is that it is indeed mathematically possible to create a sophisticated view of a consumer by analyzing numbers and charts...without spending time facing the consumer face-to-face. The concept is indeed scary..."the consumer as the sum of all its vectors".

The traditional quantitative form of analysis can be effective in understanding consumer behavior and rational motivations. But it will never provide a meaningful understanding of the effects of the multi-sensory explosion in our new modern lifestyle nor an understanding of consumers'

emotional motivations; neither will it identify unmet and undisclosed consumer needs. For example, numbers will tell demographics, psychographics, penetration rates and day part consumption of internet, mobile, magazines and TV. What it will never tell you is that youth today is chatting on the internet while having MTV in the background, with two cell phones in hand and a friend sharing the experience. This ethnographic conclusion, found consistently worldwide, has significant implications in the manner in which we select media and the way we tell our brand story.

In this new world, we need to commit to transcend the obvious numbers and words, understand consumers' total brand experience, and dig much deeper into emotional territory. We will only be able to do this by revisiting the consumer through experiential observation: more time spent out of the office facing real consumers within the complexities of their real world. P&G has already begun. We also need to bring back a more holistic picture of the consumer, incorporating emotional, cultural, cognitive and physiological variables into our analysis. This is not an easy undertaking because it implies a fundamental cultural change...one that perhaps could even involve the way we teach Insights and Marketing. In a recent dinner with Larry Light, ex-CMO of McDonalds, he mentioned that the ideal Marketer of the new millennium should be a combination of historian: able to analyze huge amounts of data and make non-traditional connections; ethnographer: able to observe and understand the subtleties and complexities of culture; and journalist: able to create meaningful stories to which people can react and take action from.

In my new role as head of Insights and Innovation for PepsiCo, this is perhaps my greatest challenge. Our Marketers and my researcher called observation ethnography "the fuzzy front end": the softer side of Marketing. As a preacher of the new faith, I am enlisting true experts like IDEO and Adam Morgan's eatbigfish to help crystallize the concept that experiential observation is indeed a very rigorous process and that there is nothing fuzzy about it. I have also enrolled our Chairman and our Division Presidents to undertake the journey. I am committed to the creation of a Marketing culture of people who are curious for life; a culture ready to embrace intellectual voyeurism.

### ***A Different Brand Building Model: Lighthouse Brands and Seduction Marketing***

In this new world of complexity and paradoxes, brands have a unique opportunity to become filters or points of reference. Adam Morgan from eatbigfish has created a model that works in this new world. With his permission, I have taken the liberty of adapting and amending it to reflect that which has been my experience as an International Marketer.

The fundamental change for Marketers today is that it is no longer enough to be a "mirror brand" - navigating around consumer's lives, just presenting life as it is through our understanding of the rational dimensions of the who, what, when, where and why of our brand relationship with the consumer. Instead, consumers need "Lighthouse brands" - brands that not only deeply understand consumers' lives but have a true differentiated and non-apologetic point of view on life. These are the brands that invite navigation around them by leveraging their understanding of the consumer's deeper side of the why...those emotional motivations which drive our actions.

Lighthouse brands have a different brand-building model predicated on four key elements. First, it is all about aspirational ego-centrism, a self-referential identity, a unique non-apologetic view that connects to universal consumer objectives. It is about life as consumers would like it to be...a lighthouse brand dares to just say it. Second, it is about building on emotion vs. reason. As Kevin Roberts referred in a quote from "Lovemarks", "The essential difference between emotion and reason is that emotions lead to action, while reason leads to conclusions". Third, it is all about brand evangelism, or intense projection to the consumer in everything they do through 360 degree Marketing. This means a thorough understanding of the consumer total brand experience, artisanal attention to the development of every element of the Marketing mix, and clear understanding of the relationship of each element of the mix within the consumer experience. Fourth, it is about intrusive and seductive exhibitionism: salience and a "watch me" approach to communication.

These elements can be summarized in one simple concept: not Interruption Marketing, not Permission Marketing, but Seduction Marketing. In Seduction Marketing, product delivery is a given. Most attention is placed on leveraging all consumer senses to create total experiences: how the brand looks, feel, talk, taste; where does it meet its consumer; under what circumstances and with whom. In Seduction Marketing, attention is also placed on maintaining mystery, sensuality and building intimacy, but brands listen more than they talk - they flirt but respect the consumer, and they live to romance and delight. Brands that get this today are Apple, I-pod and Nokia who brought design, beauty and sensuality to the dry world of technology. Mini, who convinces consumers that cute and small is also cool in a world of big and bold. Starbucks, who created an environment for people to meet where coffee is the center of a truly multi-sensory experience. Gatorade, which understands consumer physical needs in sports but is able to wrap it all up in intense emotion that connects with the real world as it is as well as with the world as it could be. Ikea and Target, who brought fashion, style, and pleasure to the shopping experience of the mundane.

### ***Brand Centric vs. Activity Centric Organizational Design***

The new world has added significant complexity to the brand-building model, whether it is:

- The need for the creation of a total brand experience with added emphasis on best-in-class behavior in all elements of the mix; or
- The expanded nature of the competitive environment; or
- Consumers' insatiable need for experimentation; or
- The evolutions in technology and communication; or
- The increases in the number of media options.

To reflect the new environment, most CPG organizational structures grew to build capability in new mediums (internet, mobile, event marketing) or new disciplines (design, product innovation, media purchasing). Simultaneously, on the support agency side, there has been an explosion of specialized organizations delivering services for media specific content, as well as organizations providing services of specialized disciplines like graphic design, innovation, events, packaging and promotions. The results of these changes is the fragmentation of the brand responsibilities to the point where sometimes it is difficult to define whether activities or media vehicles are driving the brand or if it is the brand which is driving the activities. Also, the size and complexity of the multi-layered matrixes have added steps and people to the decision-making process to the point where managing the process and partners vs. managing the brand, has become an end unto itself.

Big brands are sometimes managed by a cluster of horizontal silos, with each silo headed by a senior leader. Each leader has silo-specific Insights to support his or her position, coupled with the initiative to drive his or her agenda forward. Under this sort of structure, the brand owner, instead of being the orchestrator of all brand activities, sometimes becomes an additional voice in the discussion. Add to this the normal competitive pressures of fighting for consumers' and customers' attention through "news". The result is a cacophony of activities for each brand...a true tower of Babel. Under this framework, if you agree with Scott Bedbury that "a brand is the sum of the good, the bad, the ugly and the off strategy", the picture becomes ugly very quickly.

In assessing the challenges of the new world, we need to do four things. We need to return to brand-centered structures and processes. This is not a simple return to the traditional brand management systems, as brands are no longer one benefit, one target, one media vehicle, entities. In our complex world, brands have become more complex concepts to understand and to manage. Brands have become mega brands or house brands, expanding multiple categories, delivering multiple benefits, and housing multiple sub-brands, under a unified essence. In a world of too many options, these mega brands provide consumers safe grounding and the reassurance of known experiences. The challenge for the Marketer

is therefore exponential, as successful mega brands need to be tightly orchestrated to maintain their core essence while building new benefits that will end up reinforcing at the same time as expanding and rejuvenating the Brand.

Under this scenario, the need for a true keeper, advocate and steward of the brand essence is more needed than ever. He or she needs to become a ferocious defender of the Lighthouse, a true brand anchor, the center of brand gravity. They should drive the brand architecture, lead the total 360 degree agenda and become the ultimate decision-maker in all brand decisions. Therefore, brand owners should be the highest ranked people in the Marketing department, and all other functions should become supportive to the brand. When in doubt regarding impact or fit of any marketing activity with any Brand, the CMO's need to defer decision making to the brand owners. Having spent twenty five years of my life building business, brands and people around the world, I can say that this latter concept is easier said than done. But it must be tried. Every time I followed this rule, brands ended up in significantly improved equity shape over time than when I followed a cool but short term or inconsistent platform for the sake of volume.

Agencies also need to reconsider their business model. The same cacophony present in the client side is mirrored in the multiple partner client support side. Perhaps the agencies should re-evaluate the return to a one-stop shop, whether through ownership, strategic alliances or process and tool development. As with the brand steward on the client side, account planning needs to be at the center of all brand 360-degree activities and responsible for the management of the multi-facets of partners and the totality of the brand communication impact, in terms of story telling, media selection, physical consumer interaction and the relationship between all of them.

Once structures are made brand-centric again, both on the client and agency side, processes and structures can and should be simplified and streamlined. I am advocating for the traditional industrial engineering 50% target: A 50% reduction in steps or time to task completion. As part of this, the correct balance between formal (hierarchical presentations) and informal communication (democratic and candid business work sessions) needs to be addressed. Our Marketing community needs more time to talk to consumers and customers and more time to think and develop. It needs significantly less time selling internally.

Finally, Insights needs to have a meaningful seat at the decision-maker's table – the higher within the organization the better. Insights has to firmly guide and audit all decisions on brand and customers; therefore, it should not be subject to pressures from neither Marketing nor Sales. If we are changing structures and streamlining processes, the one thing that needs to be elevated above all is the voice of the consumer. This voice is critical in creating an environment where true Insights can flourish from the management team. At the end of the day as Nietzsche said, in searching for truth "there are no facts - only interpretations". Let us make sure that those interpretations are at least grounded in facts.....

### ***The End of Marketing As We Know It.... Not Really...Just Rediscovering the Heart***

So to the end of my reflections: As I reviewed my notes, I come to terms with the fact that what I am calling for is a reinvention of Insights, Brand Building, and Marketing and Advertising structure. Someone has called this the end of Marketing as we know it. I do not. I am calling it the era when Marketing rediscovered that brands, in spite of science and technology, in spite of their more expanded nature are not rational objects or things but entities that continue to live in consumers' hearts. The heart may be a more difficult and complex place to get to nowadays, but the journey needs to be undertaken. As Marketers, then that is our only truth. As Phil Dusenberry said in his book, "When a creative mind is given freedom to roam at will, the place where it characteristically spends its time is the human heart".