

By Randall Ringer and Michael Thibodeau



The Narrative Branding Company

A CMO Study on the Future of Marketing

A report on challenges marketers are facing in the current economic crisis

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The CMO's perspective

The current economic meltdown is creating enormous pressure on marketing. In this crucible, marketers are finding themselves caught between demands for producing measurable results and their ability to deliver those results. This economic crisis will accelerate marketing shifts that are already underway to provide greater accountability, manage brands across multiple platforms, adapt to media fragmentation and meet changing customer expectations.

This report is based on a new quantitative study developed in partnership with Jupiter Research to understand the state of marketing today, marketers' greatest challenges and how they anticipate addressing these challenges in 2009.

According to the study, marketers are facing unprecedented difficulties due to a unique combination of three forces: a) economic crisis; b) the continuing disruptive effect of the internet; and c) the failure of brand positioning approaches. The findings are a wake-up call to the profession, a shout from the rooftops about the need for breakthrough new models to brand creation and management.

The recovery of our economy and competitiveness in the world depend, in part, on marketers getting it right. Fortunately, they see bold new approaches to marketing – such as narrative, co-creation, metaphor and elevating design to the strategic level – that offer a path to success in the new year.

Methodology

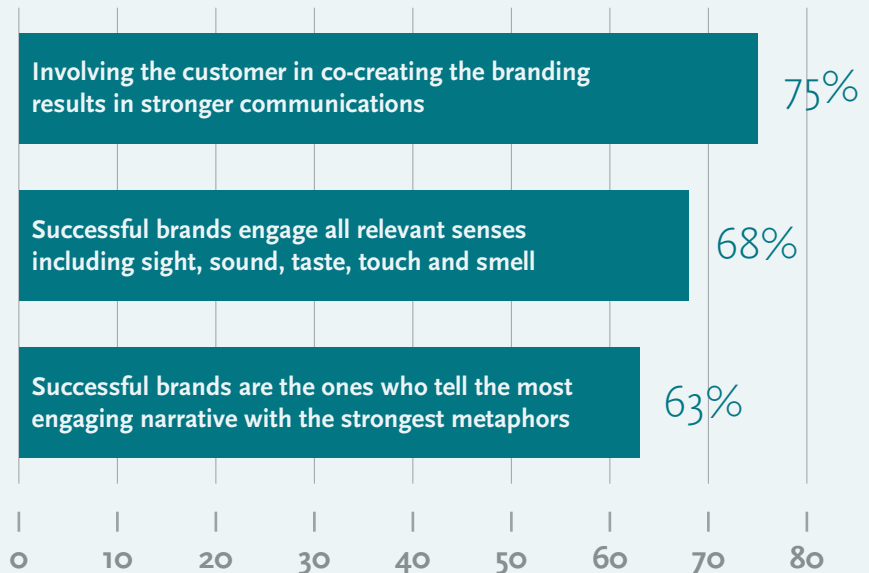
This report is based on a quantitative research study designed by Jupiter Research in partnership with Verse Group. The study was fielded online among 101 marketing decision-makers between November 1 and November 10, 2008. Respondents met the criteria of being either a CMO, VP of marketing, marketing director or marketing manager. All respondents are at companies with revenues of \$250 million or greater, with 72% having revenues of \$1 billion or greater. A wide range of industries were represented.

The research study includes companies that market only to B2B, companies that market only to B2C and those who market to both audiences.

Table A

% Strongly agree / somewhat agree

Question: Please indicate the extent to which you agree with each of the following statements.



Source: JupiterResearch/Verse Group Marketer Survey (11/08), n=101 (US)

Finding A: A new marketing approach is emerging, using narrative, co-creation and metaphors.

The good news is that marketers are reaching a consensus on the key foundational elements of a new marketing approach. This includes creating engaging narratives that co-create meaning with customers and use strong metaphors.

Three-quarters of marketers say that involving customers early in the process of brand building through co-creation results in better communications.

They recognize that successful brands are those that tell engaging narratives with strong metaphors. For that reason, a majority of marketers (54%) say that they are exploring brand storytelling as a communication tool.

Marketers also recognize the importance of branding approaches that are robust enough to manage the brand across all media platforms and to engage the relevant senses. Sensory techniques, such as engaging retail environments, need to be integral to the branding approach and not an afterthought.

This study suggests that these elements will become the foundation for a new marketing approach in the twenty-first century.

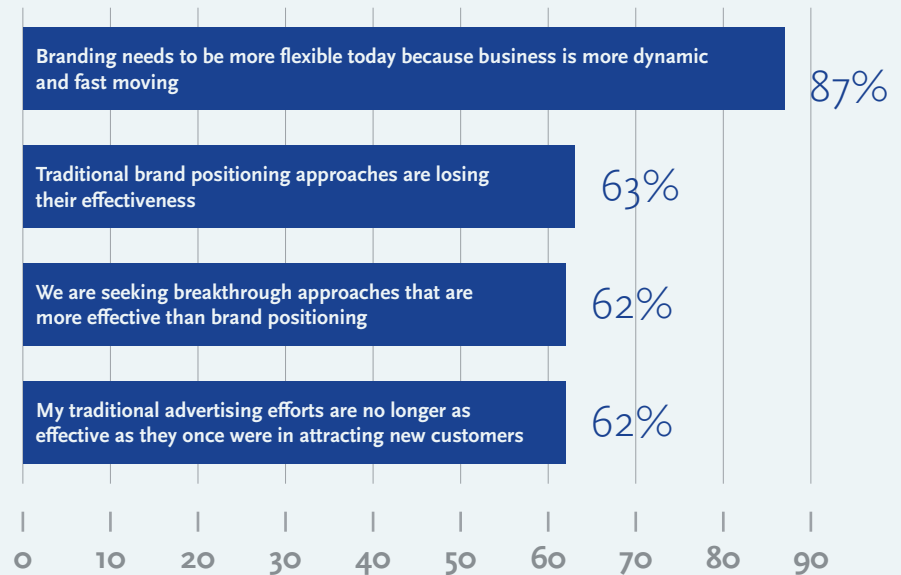
But the shift to a new approach is not as clear and simple as it might seem. Brand positioning – a method where a brand is associated with a single attribute that serves as the focal point for all communications – remains the dominant model. An example of traditional brand positioning is Verizon Wireless, with its single-minded focus on the attribute “reliable.”

It will take a bold vision to replace the brand positioning approach of the past 30 years with a new branding approach that meets the marketing challenges of today.

Table B

% Strongly agree / somewhat agree

Question: Please indicate the extent to which you agree with each of the following statements.



Source: JupiterResearch/Verse Group Marketer Survey (11/08), n=101 (US)

Finding B: Marketers need greater flexibility in branding – traditional brand positioning and advertising are losing effectiveness.

Why are marketers exploring new approaches to branding? Because they need greater flexibility in their branding to meet rapidly changing business dynamics.

Eighty-seven percent (87%) agree that they need more flexibility in branding. This need for flexibility can be attributed to changes within companies as they merge or shift strategic direction. It can also be attributed to rapid changes in the marketplace.

Nearly two-thirds (63%) of marketers say that brand positioning is losing its effectiveness. An equal number (62%) are looking for new breakthrough approaches to replace brand positioning. They are the marketers who are moving most aggressively into new media and facing the greatest challenges in effectively communicating in today's multiplatform world.

Traditional advertising – TV, print, radio and outdoor – still accounts for the lion's share of media spending by corporations today. Yet a majority of marketers (62%) say that such advertising is losing its effectiveness.

Nearly two-thirds (63%) of marketers say that brand positioning is losing its effectiveness.

Table C

% Strongly agree / somewhat agree

Question: Please indicate the extent to which you agree with each of the following statements.



Source: JupiterResearch/Verse Group Marketer Survey (11/08), n=101 (US)

Finding C: The shift to new approaches is accelerating as marketing is under greater pressure than ever before.

The shifts underway in marketing are accelerating because of the current economic crisis.

Marketers are being asked for greater accountability. Virtually all marketing decision-makers in this survey, 89%, say that their efforts are under greater scrutiny than ever before. And the number one priority for 2009 is to show a measurable ROI (return on investment) on their marketing efforts.

The other complicating factor they face is organizational. Providing a better customer experience requires that marketers coordinate and integrate more with other departments. But organizational fiefdoms are getting in the way of that integration. One respondent reports that their brand has “been hurt tremendously by operational problems.”

It is clear that the same old approaches are no longer working. That is why 53% of marketers have assessed breakthrough new approaches to marketing and 48% report that they are redefining the role of marketing within their company.

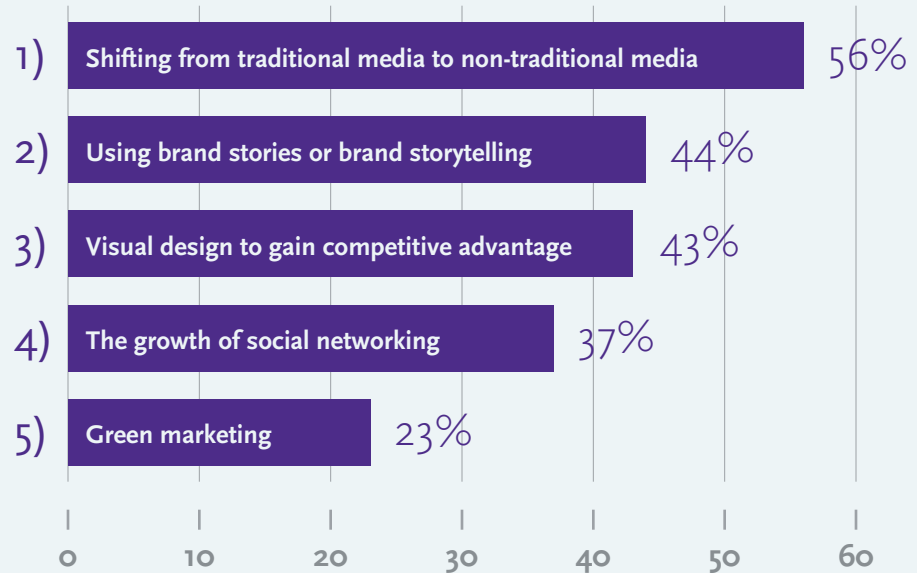
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Table D

Most Important Trends for 2009

Question: Looking forward to 2009, which of the following do you believe will be the most important marketing trends for your business? (select up to 3)

Note: Only select responses show



Source: JupiterResearch/Verse Group Marketer Survey (11/08), n=101 (US)

Finding D: Trends for 2009 include the continued shift to non-traditional media as well as growing interest in brand stories and design.

Trend #1: Shift to non-traditional media

With traditional advertising less effective, it is not a surprise that the shift to non-traditional media is the top trend for the year ahead. Given the great urgency to cut budgets and improve measurable ROI, it is reasonable to anticipate that this trend will pick-up substantial momentum in the new year.

This trend is even stronger for B2B marketers than B2C.

This trend suggests that 2009 may well herald the unraveling of the traditional TV networks – ABC, CBS and NBC – as we know them.

Trend #2: Usage of brand stories

In their efforts to identify new breakthroughs to replace brand positioning, many marketers recognize the potential for brand stories.

This is consistent with a recent industry study by The Advertising Research Foundation (On the Road to a New Effectiveness Model, www.thearf.org/assets/research-whitepapers) showing that advertising based on brand stories is more effective than positioning-based advertising.

This trend holds great promise if, and only if, it leads to further development of narrative approaches to replace positioning.

Trend #3: Design as a competitive advantage

Many marketers agree that visual design will be an important trend for their businesses in 2009. From brand identity to retail environments to online experiences – visual design is an important way to create advantages in the marketplace.

63% agree that successful brands are the ones who tell the most engaging narrative with the strongest metaphors.

Apple and Samsung are two examples of companies leading the way – racking up both design awards and sales. Design is not an afterthought. In brand identity, retail environments and communications, these companies have made visual design an integral part of their business strategies.

This trend shows that marketers are discovering the ability of visual design to create a coherent customer experience in today's world.

Other trends: Social Networking and Green Marketing

At 37%, social networking is the fourth most important trend. After the initial rush to embrace social networking, it seems to be losing momentum. Success in social networking has proven to be far more elusive than many originally imagined. Second Life was a fizzle. Recently a senior P&G executive questioned the value of advertising on Facebook. Without measurable ROI, social networking efforts may continue to fall short of their original promise.

And at 23%, green marketing rounds out the top 5 most important trends. This is lower than might have been expected given all of the media attention to environmental issues during the past year.

Green marketing appears to be somewhat more important for B2B marketers than B2C. In our experience, B2B companies recognize that environmental sustainability can be directly tied to their performance. B2B customers such as Wal-Mart are now including environmental factors in their vendor criteria and contracts.

Implications:

1. Re-invent the role of marketing within the company

The current economic crisis represents an opportunity for companies to redefine and reinvent marketing. Businesses should seize this moment to restructure marketing departments so that they are more effective at managing their brands across multiple platforms. This will mean breaking down internal silos, increasing cooperation between marketing, HR, customer service and other areas. Organizational change is never easy but it is necessary if a company is to be more effective at meeting customer expectations.

2. Explore new approaches to branding that use narrative

The standard approaches to marketing are no longer working. Successful marketers will be the ones who embrace breakthrough approaches such as narrative, brand stories, co-creation and metaphor.

Marketers need to have a new mental model for how branding works, otherwise they will keep going back to the old positioning model. Narrative is the most important element of a new mental model. And the biggest driver to change to a new model will be the demand for greater competitiveness and greater accountability in this time of economic crisis. Companies who don't shift to more effective approaches than brand positioning will underperform.

3. Elevate design to a strategic level

Great visual design can translate into strong competitive advantages. Design is extraordinarily effective in creating a coherent customer experience across all touch points – such as visual identity, advertising, online, and retail environments. However, it is not enough to raise the quality of the design initiatives. Design must be elevated to the strategic level.

Final observations:

Current economic pressures are weakening the practice of marketing and its value to companies. Without a dramatic shift in marketing approaches, marginalization of marketing departments within companies is a near certainty.

Now is the time to forge bold new approaches to marketing. It is time to move beyond brand positioning to more effective approaches that are founded on the ideas of narrative, co-creation, metaphors and design.

We remain optimistic that marketers will heed the wake-up call for new breakthroughs. The sooner that marketers do so, the sooner marketing will emerge stronger, better equipped to deal with the rapid changes of the future.

That is vital if our country's economy is to recover strongly in the years ahead.

“A man's mind, once stretched by a new idea, never regains its original dimensions.” Oliver Wendell Holmes

About the authors:

Randall Ringer brings over 25 years of experience in strategy, market research, branding and advertising. He has led significant programs for well-known companies such as Samsung, Gillette, Philips, Prudential, Lenovo, Qwest, VOOM, Terra and Telefonica.

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Michael Thibodeau is one of the world's most acclaimed creative directors, having designed and directed identity programs for many of the world's greatest brands. His work has included the design of the MSN butterfly, UPS shield, Amtrak brandmark and Juan Valdez signature. From Coca-Cola to Marriott, RBC to DuPont, Michael has helped turn business strategies into winning visual and verbal narratives for his clients.

His most recent book is *Smoke Gets In Your Eyes*, a study of visual and verbal themes used in cigarette branding. mthibodeau@versegroup.com



The Narrative Branding Company

Verse Group® is the independent brand consultancy that combines practical marketing experience with a storyteller's creativity. Narrative Branding® is our breakthrough approach for creating brands by engaging customers through design, metaphors, co-creation and a compelling narrative arc. In short, it is an approach to branding that is created for today's world.

Our multinational clients include: Samsung, Marriott International, Coldwell Banker, R.H. Donnelley, Starwood Hotels & Resorts, LexisNexis, Inverness Medical Innovations, Covenant House, NXP Semiconductors and Colgate-Palmolive.

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