



Customer
first
thinking.

Nothing Will Ever Be the Same Again

The pandemic has triggered many unexpected shifts in consumer behaviour that are here to stay. Now is the time for marketers to look past this crisis and get ahead of change instead of continuously chasing it.

Nothing shakes up complacency like a global pandemic. This once-in-a-lifetime crisis has us questioning everything: our priorities – our assumptions – our values. That’s what prolonged confinement does: forces us to slow down and reflect. To take stock of our lives.

Our normal rhythms are disrupted. Our perception of time is warped. Parts of our lives are on hold – for how long, nobody knows exactly. The prospect of a vaccine coming soon offers a glimmer of hope. Maybe a return to some kind of normalcy by the fall of next year. In the meantime, we have to connect with the world through our screens. Which makes us feel detached. We miss the collegiality of office life – spontaneous meet-ups with neighbours – hanging out with friends. We are impatient for our lives to resume where they left off. But we also suspect that nothing will ever be the same again.

A questioning population spells trouble for marketers. Because ingrained habits are bound to change. Attitudes too. Just how dramatically is the question. And that might depend on the speed of recovery. If the economy remains stuck in low gear, people may begin to look at their lives through a different lens.

Certainly, the initial evidence would suggest that this pandemic, like others preceding it, has already left its mark on society. We had grown

used to excessively scheduled lives – the constant juggling of our time – the merry-go-round of commitments that left us overwhelmed at times, craving for time alone. Momentarily freed from that daily grind, we finally have more time for ourselves – time to think about the meaning of our lives - time we may never want to give back. We miss the comfort of our old routines, but we also welcome the respite from the constant demands on our time.

We also have renewed faith in humanity for the compassion shown by people throughout this unpleasantness. Conversely, we are indignant at the willful defiance by scofflaws of public health warnings. Most people feel it is our civic duty to be socially responsible and we expect those around us, including the businesses we know, to share the same spirit of solidarity.

A Shopping Apocalypse

The possibility also exists that we may even stop defining ourselves by what we buy, bringing an end to the consumer society that began 75 years ago, following the Second World War. At the time people were happy to see the end of rationing after years of deprivation. As factories reverted back to producing consumer goods, the economy boomed. Confidence grew as jobs became plentiful and wages rose.

In that euphoric post-war period households were eager to make up for lost time, going on a spending spree. Our entire society began to structure itself around the urge to shop. Consumer credit was easier to get. Shopping centres and malls suddenly sprang up everywhere. Department stores became retail meccas, showing off the latest in modern fashion and conveniences. Mass advertising celebrated easy living, subliminally urging everyone to “keep up with the Joneses”. Then in the early 1960s big box stores came along offering endless aisles of discounted merchandise. Shopping trips turned into day-long family expeditions. By the 1970s shopping had become a pastime. Finding the best deal became a game. Even when the economy periodically contracted, people just borrowed more to keep on shopping.

That is, until now.

Our confidence in the future has been badly shaken. Worried that in the aftermath of this crisis, the economy could stall, people have curtailed their discretionary spending – the nice-to-have frills that make everyday living more enjoyable. Spare money is going into savings, as a hedge against job loss. And the longer people suppress that itch to shop - the longer they practice abstinence - the more they may wonder: “Did I ever really need any of that stuff to begin with?”. As the marketing sage Seth Godin recently observed, “In small doses, for many people, shopping can produce happiness. But it doesn’t usually scale. More stuff might not be the substitute for the things that we truly want.”

The end of excess may be near. A new era of frugality – of asceticism – may dawn. For marketers, that would be a shopping apocalypse. The possibility that people might stop treating shopping as a way of life is unthinkable. If that happens, shops and restaurants won’t be the only casualties of this pandemic. The role of marketing – a profession that came of age in the 1950s and 60s by promoting the mass consumption of material goods – may come under scrutiny, as business makes the painful transition to a less materialist, more sustainable, possibly fairer society.

“Mass Due Diligence”

During this entire crisis, marketers have been sheltering in place, watching revenues sink and their budgets slashed. Name brand loyalty has been tested as never before, with greater numbers of shoppers opting for generic substitutes when they load up on basic supplies. And while certain types of considered purchases have

increased – anything that makes home life cozier, easier, safer, fun, more tolerable – just about every non-essential product has been crossed off the shopping list.

What caught most businesses by surprise was the sudden migration to online shopping. It was as if someone had lowered the ecommerce drawbridge. The holdouts saw everybody else ordering online and rushed to do the same. There was a surprising leap in the number of people buying groceries online along with a stuck-at-home spike in demand for home improvement products, interior furnishings, exercise equipment, and consumer electronics (accounting for half of the top 100 product searches on Amazon). Ecommerce sales in

Canada jumped 113% over last year. Two years of forecasted ecommerce growth took place in just the first two months of the pandemic.

Like that Hemingway quip about bankruptcy, change happens “gradually, then suddenly”. Many of these unforeseen shifts in spending

were actually nascent trends that simply accelerated under the duress of the pandemic. Everybody now expects these new shopping patterns and preferences to become habitual. And that is sure to pave the way for faster adoption of related technology and services like mobile payments, “shoppable media”, and click-to-door subscriptions, just for starters.

Other less obvious trends are gathering steam – subtle shifts in people’s lifestyle orientation and values that are signals of even greater change to come. People may become more conscious of the product choices they make, preferring brands strongly committed to fairness, transparency, ethics and social justice. They may no longer put up with being constantly harassed by digital ads. And they may become more particular in their shopping habits: careful to read the fine print on labels (to find how and where products are made); insistent on a more unified experience across devices; more attentive to brand reputation and integrity (holding brands accountable for their conduct); and more likely to choose brands which share their world view. Brand perception will no longer be shaped by “share of voice” but by “affairs of the heart”: a belief that a brand cares more about them than the bottom line.

Conditioned to start their purchase journey online, people will be exposed to a wider range of brand choices, taking the time to vet them through peer reviews and rankings, as well as seeking the recommendations of “nano-influencers” (what marketing provocateur Scott Galloway calls the post-brand era of “mass due diligence”).

“Change happens
“gradually, then suddenly”

The gravest uncertainty is the likely duration of this pandemic-induced economic slump. The investor class may be exuberant at the prospect of a vaccine-led recovery, counting on a big consumer rebound, but the truth on the ground points to a much grimmer outlook.

Wealth disparity has gotten much worse due to wage stagnation – and it was unconscionable to begin with. Tragically, the people at the bottom of the income ladder have suffered the most. One third of the population is now struggling to pay bills and put food on the table. Nearly half the population lives paycheck to paycheck.

Their meager savings have been whittled away, leaving them hardly anything for emergencies. Even the middle class has seen their income continue to shrink. This widely felt pocketbook pain may trigger a doomsday scenario where people finally reject the very narcotic that has powered the domestic economy for so long: consumer debt. If the majority of people stop taking on debt to buy stuff, not much is left to prop up the economy, which is so dependent on vigorous spending by all social strata, not just the more affluent.

Given the epic scale of change, the current health scare might soon give way to a crippling financial crisis that hobbles recovery for a long time to come and may even eclipse the last recession in magnitude. Most marketers are totally unprepared for that dismal scenario.

Zombie Marketing

The problem is that most marketers are inherently short-sighted. They simply cannot see past the next fiscal year. Robotic in their approach to planning, they tinker with the mix of tactics, spending a bit more here, a little less there, never asking themselves the adult question: “What would we do if it was our personal money we were spending?”

The popular U.K. marketing pundit Mark Ritson once ridiculed the profession for its shallowness: “I used to battle against the executives from finance and accounting who sneeringly referred to marketing as the

‘colouring-in department’. As time goes on, I fear they might have a point.”

Marketing’s worst weakness – the soft underbelly of an undisciplined discipline – is a lack of gravitas. Marketers are tacticians. Call it “zombie marketing”. They like to stick to the same go-to-market formula, certain that what worked yesterday will work tomorrow (never one to mince words, Ritson calls their tactics “technical mish-mash and “creative hoo-haa”). Yet now marketers find themselves needing to think differently about what happens next – and not just

what might happen in the next year or two, but three to ten years from now, when many developing trends will gain critical mass and erupt into view, catching everyone off guard.

All of that explains why CMOs have the shortest tenure of any executive (less than three years!). And why they are rarely invited to board

meetings. They are looked at as the brand commissars, in charge of paid messaging, whose sole job is to drive demand. Very few board members even have a marketing background – so any mumbo jumbo about building brand equity is lost on them. They fail to make the connection between what the CMO brags about and what the CFO gripes about. Which is why marketing is seen as nothing more than a cost of doing business. Marketers are foot soldiers – there to take orders. The CMO is viewed by the rest of the C-suite as a lightweight

who speaks in tongues – an easy scapegoat when things don’t go according to plan.

To earn the right to influence strategic direction, marketing needs to bring the voice of customer into the boardroom – explain, as plainly as possible, that what’s good for customers is good for the business. “Help them help you”, should be the call to arms, imploring the board to put the priorities of customers ahead of the shareholders.

Marketing needs a bolder mandate, one that gives it license to take the company where customers are going. If marketing can broaden its perspective – think “from the future” instead of litigating the past – recognizing that we are on the brink of a whole new commercial era – the board will

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FORMATIVE TRENDS

- Brand apathy
- Butterfly loyalty
- Ethical consumption
- Yearning for simplicity
- Search for meaning
- Hyper-rational buying
- Ad intolerance
- Consumer frugality
- Homebody economy
- Civic mindedness
- Consumer activism
- Social consciousness

be far more anxious to hear what they have to say. The rest of the C-Suite will start to see marketers as equals.

For marketing to reinvent itself, it has to learn to ask more thought-provoking questions that start with the customer: *How can the brand be more useful to people? Play a more integral role in their lives? Create continuous value? Be seen as a good corporate citizen?*

The answers set the stage for a more coherent business strategy revolving around making the customer experience exceptional.

Alex Weller, the Marketing Director for Patagonia, explains the modern marketing approach this way:

“Everyone’s casting their mind forward and thinking about how to change the things that they’ve wanted to change for some time.

That doesn’t mean changing our brand, it means just reaffirming why we’re doing this, and challenging ourselves to think about how we can engage our customers even more effectively and get people motivated and rallying around our common goals”.

From Preservation to Innovation

The job of reinvention involves more than just asking existential questions. How marketing organizes itself, its planning model, its culture, its capabilities – all of that needs to be reconstructed. Marketing needs to be more agile. Give up paint-by-numbers

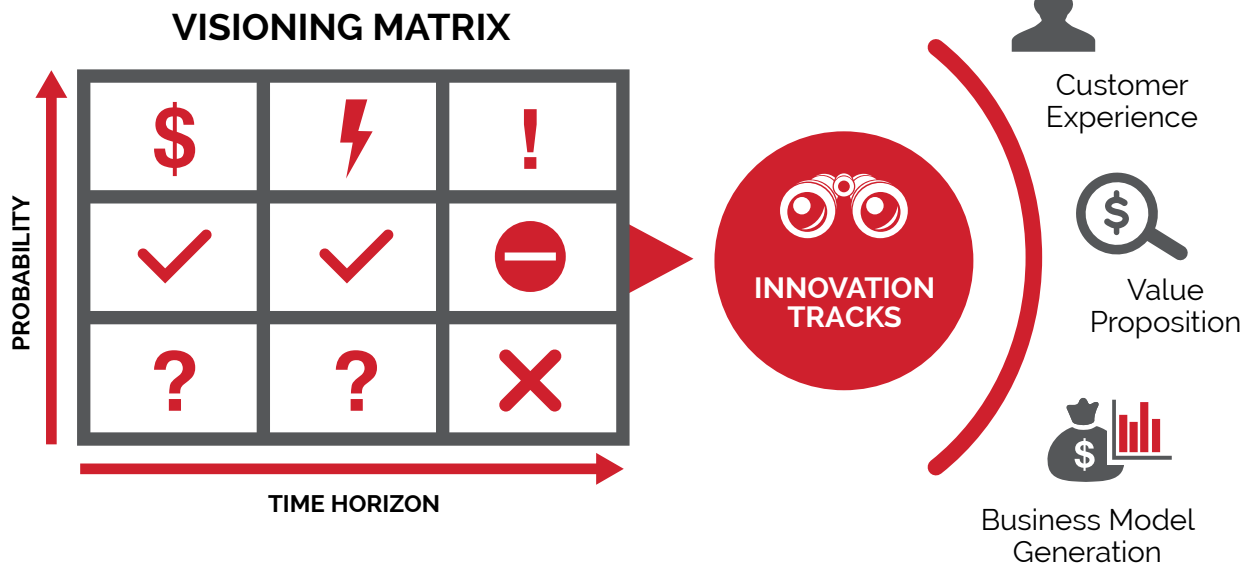
planning. Pay more attention to formative trends than to emerging channels. Experiment. Learn from, not punish, failure. After all, great ideas aren’t born on spreadsheets. They emerge out of a deep understanding of customers: knowing what makes life hard for them. And then coming up with a solution before anyone else.

Maybe the most important contribution marketing can

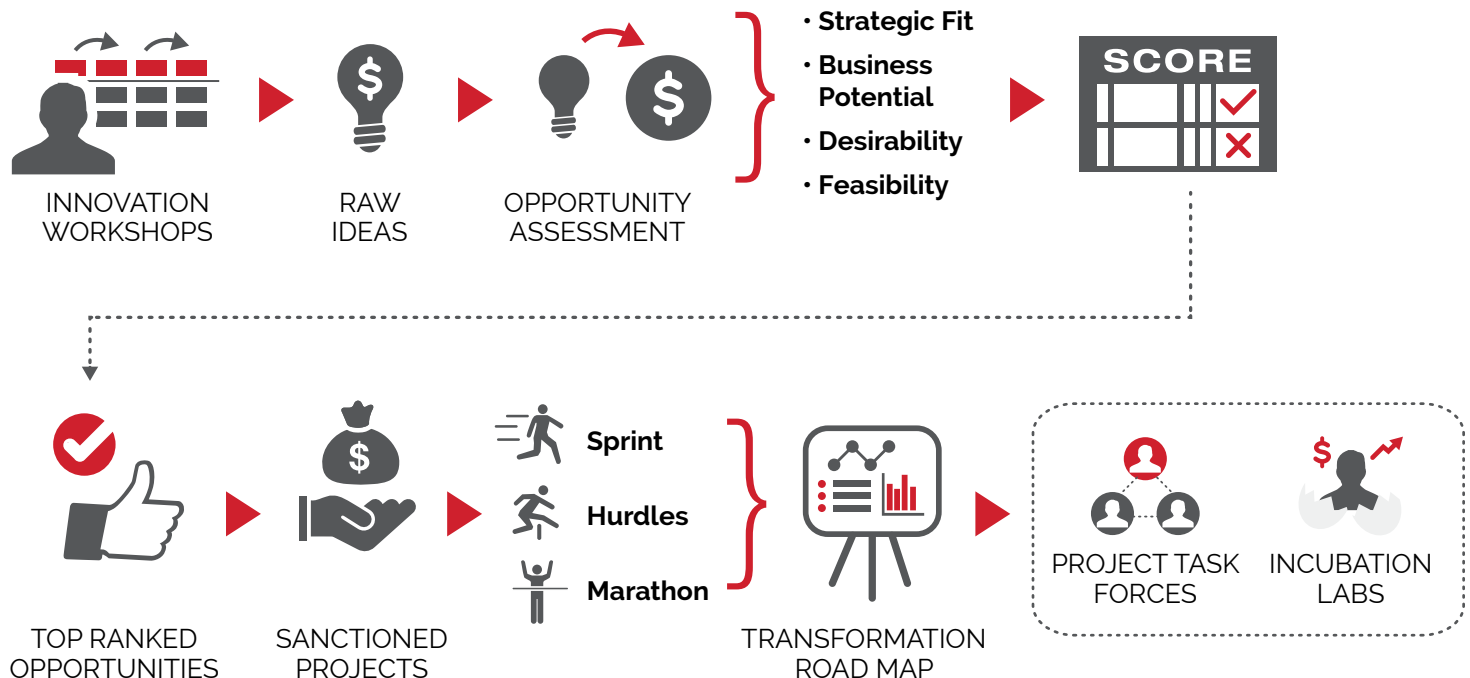
make is to be the chief catalyst for change. That means challenging stale assumptions; mastering “first principles thinking”; and making the case for transformation based on putting customers first.

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Innovation Tracks use trend-based scenarios to imagine the future.



Innovation ideas are evaluated and ranked before being sanctioned for development.



Early on in the planning process, before the corporate decrees are unfurled, marketing should paint a vivid picture of the challenges and opportunities that lie ahead based on everything they know about consumer behaviour and trends. Otherwise marketers will get stuck as always with unattainable goals based on rosy assumptions and an idyllic view of the market.

Predicting the future is like spinning a roulette wheel – even futurists get their prognostications wrong much of the time – but going through the mental exercise forces everyone to follow a different set of footprints – where customers are going rather than where the business thinks it ought to go. And at the very least it awakens everyone to the implications of the latest trends – pulls the near future into sharper focus even if the view beyond that remains blurry. When the biggest threat to any business is being surprised by unexpected events, the best approach is to get ahead of change, not keep chasing it.

Typically, the corporate planning process flows from a grandiose statement of ambition handed down by the CEO (intended to excite shareholders) to executive marching orders (often greeted with a

cynical roll-of-the-eyes by middle management) to fuzzy strategic imperatives (usually open to interpretation) to a hope-for-the-best battle plan (modeled on past glories).

That traditional planning pyramid needs to be inverted: a bottom up process that starts with an estimate of the current and untapped value within the existing customer portfolio and works backward to a reality-based revenue projection. The baseline is the current customer growth rate – now how do we tip the trajectory? How can we capture a bigger slice of customer spending in the categories we excel in? How can we leverage our brand equity in adjacent markets to grow faster? How can we get more people to love our brand? How can we future-proof our business?

This is where marketing can take strategic command. By staging visioning workshops, designed to stimulate new thinking, marketing can change the mindset of the business from preservation to innovation. There is no right formula other than a willingness to debate and ideate. For those sessions to work, however, homework must be done. Trends must be analyzed – scenarios imagined and scripted. These are used as logs on the fire in the visioning work to follow.

Visioning Matrix

To come up with a set of working scenarios, a Visioning Matrix is created, one axis divided into a range of probabilities, from high to low, the other into varying time horizons, from near to far. Current trends are then mapped to the matrix. As Jeff Bezos has said, “If you want to focus on your customer, think five to seven years ahead, not five to seven months”.

A near term scenario - say, the existence of an unserved segment in a ripe-for-disruption category - might be given greater weight than hypothetical ones based on emerging technologies or channels (such as the “5G Home”, the “Storeless Future”, or the “Cashless Society”).

Those scenarios, once agreed upon, become the focus of three types of innovation tracks: the first is dedicated to enhancing the customer experience; the second to diversifying the value proposition; the third (and most revolutionary) to rethinking the business model. The function of each track is to come up with innovative ideas relating to the different scenarios, using gamestorming techniques in workshop settings. The workshops should involve a cross-section of free-thinkers from across the company, led by marketing strategists fluent in customer first thinking.

Once the most promising ideas are brought forward, they are assessed and ranked according to their feasibility, desirability and impact. The top ranked ideas are then put through a more subjective filter to avoid stacking the deck in favour of “quick win” initiatives. A balance of short and long-term bets on the future offers the best chance of immunity against change.

Once start-up funding is approved, the basket of sanctioned initiatives is baked into a transformation roadmap and handed over to cross-functional teams for proof-of-concept development. In the case of sprint initiatives, where first mover advantage is critical, “war rooms” might be set up to bring them to market as quickly as possible, using agile planning methods. Less pressing initiatives, which require more time to clear the internal business hurdles, can move at a pace dictated by the size of the opportunity. A marathon initiative, which is more of a long-term gamble, is usually allowed to germinate in an incubation lab until the market is deemed to be ready.

The future always arrives faster than people expect, as this pandemic has shown. The world is bound to look quite different a year from now – dramatically different a few years beyond that – and barely recognizable in another decade or so as the next wave of technology reshapes society. As the group closest to customers, marketing has the best chance to figure out just what that world will look like. The future of marketing itself may very well depend on minimizing any future surprises in order to improve the odds of survival.



Stephen Shaw is the chief strategy officer of Kenna, a marketing solutions provider specializing in customer management. He can be reached via e-mail at sshaw@kenna.ca.