Podcast

Customer first thinking.

Marketing Masterminds

Featuring select excerpts from interviews with some of marketing's leading masterminds

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Stephen Shaw

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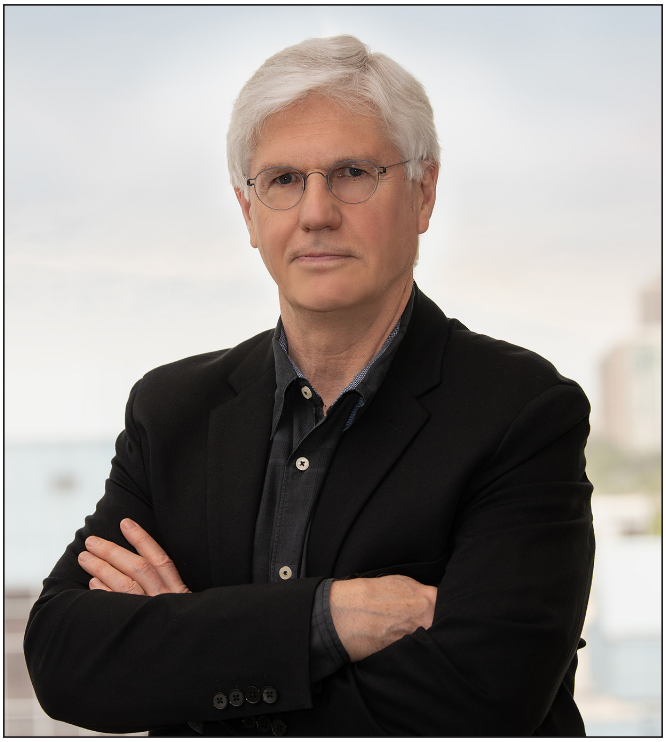

Introduction

Ever since this podcast first aired in 2018 featuring the legendary marketing mastermind Phil Kotler, I've had the great privilege of interviewing some of the best and brightest minds in marketing. For this 50th episode I've selected excerpts from 10 of those interviews which collectively represent a profound commentary on the state of marketing and the need for transformational change. It was a tough call to make because I had to leave out some pretty amazing guests who had some important perspectives to share. In the end my choices came down to the topics that might be of significant interest to everyone.

Podcast

The State of Martech (Ep#19)

Scott Brinker:

Scott Brinker is the VP of Platform Ecosystem at HubSpot; Editor of the popular blog site Chiefmartec; and the author of "Hacking Marketing".

In Episode 19 called The State of Martech I interviewed Scott Brinker, the VP Platform Ecosystem at Hubspot and the renowned Editor of Chiefmartech.com

After decades of false starts, unmet expectations, disillusionment, IT resistance, underutilization, and futile attempts at integration, marketing is close to reaching the promised land: user-friendly technology, powered by AI, which can be used to minimize technical complexity while optimizing performance. For insight into the fast-changing world of martech, I spoke to Scott Brinker, known worldwide as the mastermind behind the Chiefmartech.com blog, who specializes in demystifying the world of technology for marketers.

SS **Stephen Shaw (SS):** You talk about the Second Golden Age of Martech, and the rise of platforms within ecosystems. Can you describe what you mean by that?

SB **Scott Brinker (SB):** Sure, so I would argue that in the first Golden Age of Martech, which we've come out of, and let's face it, if you have an explosion of 8,000 different vendors, and everyone's got, you know, marketing ops teams, I mean, this was a explosion. This was a golden age. But it's interesting that I feel like the golden age was largely framed with three dichotomies. You know, we were talking about this earlier, like, suite or best of breed. You have to make a choice, you know, and the trade-offs, you know, associated between that. The other two were around software or services. You'd have companies that were software companies, and you'd have companies that were services companies, but nothing in between. And then the third was, you know, these decisions of build versus buy. You know, do we buy a commercial product and just live with that, or do we build our own from scratch, and then take all that overhead? And to be honest, those three dichotomies have been really painful. I mean, it's like, you look at those choices and a lot of cases, and you're like, well, I want a bit of this is and a bit of that. I really do believe this is what this next age, what I would call, the Second Golden age of Martech. Instead of, you know, suite versus best of breed, platform ecosystems, which is to say, have a "suiteish" platform as your foundation, and then augment it where you needed with best of breed features that sort of plug right in.

For the services/software thing, I think we already see software companies that are now offering more services, because, you know, if you can't make your customers successful with the software in a subscription-based world, this results in something called churn. But also in the other direction of services companies who, you know, we talked earlier about how there's no barriers to creating software, you know, that now you've got services companies that are realizing we can actually make our offerings more efficient, and more effective, and more differentiated by bringing some of our own magic, bottling it into some software. They're probably likely going to be offered in combination with our services, but it becomes, you know, a more sophisticated offering.

And then in the build versus buy, again, like, this gets us back to platform ecosystems again, which is to say, listen, you don't want to like to invent your own mail sending, like, protocol level. Nobody needs another one of those. You know, what you want to do is a platform that gives you, like, you know, all of those commoditized capabilities, and then you want to create your own little custom apps on top of that, that are very, very tailored to either the operational flow or the customer experience that is unique to your business. And so I think those three things combined, it's actually, I mean, you can tell, I'm an enthusiastic and optimistic individual, but I really do think this next 10 years is gonna be a pretty amazing time frame in marketing.

A Question of Loyalty (Ep#23)

Fred Reichheld:

Fred Reichheld is a Bain & Company Senior Advisor and the Creator of the Net Promoter System.

In Episode 23 called A Question of Loyalty I interviewed the legendary Fred Reichheld, Creator of the Net Promoter System

The true value of the Net Promoter Score is that it succeeded in putting the question of loyalty on the radar of many corporate leaders who would otherwise never have given it much thought. In fact, NPS achieved what decades of customer satisfaction surveys could never do: make improving customer experience a strategic priority. As the inventor of NPS, Fred Reichheld belongs in the pantheon of marketing masterminds who have had a profound and lasting impact on business.

SS **Stephen Shaw (SS):** In your landmark book "The Loyalty Effect" you famously made the economic case for loyalty. But in your most recent book you focus more on the morality of treating customers right. Why the switch in emphasis?

FR **Fred Reichheld (FR):** Well, the reason I started with the economic argument is probably because I was a lot younger and needed to justify this framework and this notion that I had, and it does make economic sense, which no one in my experience, no one had really demonstrated that the leverage that increasing loyalty of customers has. And I think I understated the case because I sort of skipped over the referral part which is actually the most important part. Your reputation is everything. Over the years, I think I became more cognizant of the challenge of winning people over to this new mindset. And it was more than a measurement issue, it was more than an economic framework. They just had a mindset that was wrong, a wrongheaded notion about what made for a great business, what made successful, profitable growth. And so I went back to "first principles", the notion that you know, if you're in a great community, you're gonna treat people the way you'd wanna a loved one treated. And if you're gonna be in a great business, you're gonna treat people that way. And that is the foundation of success and I think it has more of an inspirational energy, that argument. And then yes, you know, you noticed in the last book, "Winning on Purpose" has lot of economics too and share investor and economic rationality. But I agree with you, 80/20 has now become 20/80. I think it's 80% a moral argument about how you wanna run your life, who you wanna buy from, work with, invest in. And by the way, choosing the right path has wonderful economic benefits. That's not why to choose the path, but it's one of the benefits.

SS Two thirds of Fortune 1000 companies have adopted NPS - you're going to go down in history for that fact alone. But you do say that many of those companies still haven't adopted the right mindset. How would you describe their mindset today versus what it needs to be?

FR Well, I think only 10% of leaders today believe the customer comes first. So 90% of businesses have embraced a mission that is in my mind guaranteed to fail. Picking anything other than making customers' lives better as your purpose...we have no counterexample who has succeeded long-term and delivered great value to investors and made their employees proud, that hasn't followed that strategy. And yet 90% of the leaders are in some other fad, it's mind-boggling. I hope I can make some investors pay attention with this argument "winning on purpose" because I invest my own money. You know, I wasn't wealthy - I am now. But back then I just was modest and I kept investing in companies that have the highest NPS in their industry. Because I thought, you know, their customers are feeling the love and they've got this flywheel going that the accountants can't quite measure, it's invisible, but it's the truth, customers coming back for more and bringing their friends, and so highest NPS finds those, and I've more than tripled the stock market in my investments over the last decade. That's rare. You know, everybody talks about these big numbers and I'm not a fancy investor. I didn't look at one financial statistic of these companies I invested in. I just looked at their customer feedback and the guys at the top have crushed it.

E-Mail Still Rules (Ep#24)

Chad White:

Chad White is the Head of Research for Oracle Marketing Consulting and the author of "Email Marketing Rules".

In Episode 24 called E-Mail Still Rules I interviewed Chad White, Head of Research at Oracle Marketing Consulting

E-mail marketing has come a long way from the "batch and blast" era of the 1990s and early 2000s when it was used indiscriminately as a blunt promotional vehicle. But then as mail volumes grew out of control and consumers rebelled it became much harder for marketers to slip past the spam barricades. That forced marketers to start respecting the mail preferences of customers. Today the intelligent use of email has made it an indispensable relationship marketing tool. Many marketers have been taking their cues from the world's foremost e-mail marketing mastermind Chad White whose book, "Email Marketing Rules" is now in its 3rd edition.

SS **Stephen Shaw (SS):** There's been a lot of change in e-mail marketing over the last 10 years or so. Looking back, what do you see as the major inflection points in the growth and evolution of the industry?

CW **Chad White (CW):** Yeah. I do get really annoyed when so-called, like, digital marketing experts talk about how, like, "Oh, e-mail hasn't changed in 20 years." It seems like, for me, just absolute confirmation that they have no idea what they're talking about.

So, I gave a webinar with the DDMA in the Netherlands. And I started off... It was all about, like, these three mega trends in the e-mail marketing industry that are really shaping things, the pandemic, MPP, and the end of third-party cookies. And I started off that presentation by talking about all the ways that e-mail marketing had changed over the 15-plus years that I had been in the industry.

And so, for instance, some of those changes include the arrival of smartphones, smartwatches, and voice assistance for reading e-mails. The arrival of CASL, GDPR, CCPA, so lots of laws. Engagement-based spam filtering was not a thing 15 years ago. Advanced analytics, AI, machine learning, predictive analytics, omnichannel orchestration, not a thing. Dark mode, modular e-mail architecture, list unsubscribe, DMARC and [inaudible 00:13:43], annotations, schema, JSON for, you know, controlling envelope content, AMP for e-mail, CSS-based interactivity. That's a really long list of, like...and there's more, but, like, those are certainly the highlights. And those are major, major changes.

So, if I had to nail...like, if I had to focus that list on the changes that I thought were the biggest, I would say smartphones, for sure. Because now e-mail is mobile, it's with you all the time. You know, it's not...it doesn't have the same immediacy as SMS, for sure, but it is always there. So, when someone is shopping in a store and they're concerned, "Am I getting the best deal?," they can call up their e-mail, they can search for the brand... you know, for the store they're shopping in and they can see, "Hey, what are those latest offers? Let me make sure I'm getting exactly what I want." Or is it an opportunity to shop another brand that might carry that same product. So, the immediacy with smartphones and e-mail is super powerful.

The next one, better laws. I am not a fan of CAN-SPAM. I know that here in America we like as little regulation as possible. I think CAN-SPAM has done just tremendous harm to e-mail marketers because it has set exactly the wrong expectations for how to succeed. Because we are really not an industry that is governed by laws, we're really governed by consumers and by the mailbox providers. And CAN-SPAM, if you were just to follow the letter of that law, you would just be blocked all over the place, you would have a dismal e-mail marketing program.

And so I think, on net, things like GDPR are way more in line with what consumers expect from us. And I know that there was a ton, a ton, of reaction to GDPR. I think it was notable that when CCPA came along, that that reaction was way more muted. I think that it was fear that drove the reaction to GDPR and I think now the industry has largely accepted that this is actually a good thing. You know, respecting consumers, being in line with their expectations, that's a big plus for us.

And then the third one I would say that's really huge is engagement-based filtering. So, it used to be that if you just sent e-mail and people didn't complain, you were good to go and your e-mails landed in the inbox. And, well, marketers gamed that. So, we bulked up our lists full of tons of people who wouldn't complain, but didn't really engage, and we use that to drive down our spam complaint rates so that we can continue to get to the inbox. And Gmail in particular, and then others, figured out, you know, what we were doing. And now they require us to, you know, actually send stuff that not only doesn't, you know, irritate our subscribers, but they actually engage with in a positive way. Which is, you know, again, exactly what we should be doing.

And so that's been really, really powerful and has caused this shift from, you know, quantity to quality. You know, which, frankly, like, that's how most businesses run anyway, right? You know, it's the 80-20 paradigm, you know, where your business is really driven by, you know, a relatively small group of customers. And the same thing is true with e-mail. You know, your e-mail marketing success is largely driven by a relatively small group of subscribers. So, engagement-based spam filtering, I think, has also been a major, major, major sea change that's also slightly under threat from MPP, unfortunately. We'll have to see how that all plays out.

Marketing Accountability (Ep#25)

Neil Bendle:

Neil Bendle heads up the Marketing Accountability Standards Board and is the co-author of "Marketing Metrics".

In Episode 25 called Marketing Accountability I interviewed Neil Bendle, the Associate Professor of Marketing at the University of Georgia who serves on the Board of Directors of the Marketing Accountability Standards Board.

Marketing accountability has always been somewhat of an oxymoron. The lack of measurement rigour is why marketing expenses are still treated by finance as a cost and not an investment. Marketing needs a proper investment model that connects marketing metrics with the measures that corporate chieftains care most about. One of the world's leading masterminds on marketing measurement is Neil Bendle, an Associate Professor of Marketing at the University of Georgia. Neil is best known for the popular book he co-authored called Marketing Metrics, now in its 4th edition.

SS **Stephen Shaw (SS):** Is the issue the fact that marketers don't think of the money they are given to spend as investments, that they're, in fact, viewed as spending decisions. And therefore, it's hard for them to defend a spending decision versus an investment decision. Is that the central challenge here?

NB **Neil Bendle (NB):** Yeah, I think that could well be, you know, a great way of saying it. The reason why, I think marketers... And some of these marketers are bought into accounting terminology, in a way they really shouldn't have. You know, most... I shouldn't say most. An awful lot of what we do as marketers is an investment, you know? Obviously, it will depend upon firms and, you know, different firms will do different amounts of investment versus things to start to generate immediate sales, which I think is an investment. You know, we should be thinking about it as an investment. And that's one of the great things that customer lifetime value does. You know, it allows you to start thinking about the customer as a long-term investment. And that's really helpful for marketers, because that's kind of what...often what we wanna do, you know? A lot of what you might try and argue is, you know, if we do the spending, the value of our customer base will go up because we're treating our customers better or whatever, you know?

That's a powerful argument. It's a much more powerful argument for, you know, the C-suite, certainly for the CFO, than we should just be treating our customers better because it's a good thing to do. If we start seeing things as an investment, that's gonna be really helpful. Why do we not see things as an investment sometimes? Well, sometimes part of the problem is I think marketers sometimes see, like... And then certainly, I see this with MBAs. So, I teach various people. You know, I teach MBAs. I teach marketers, you know, people on the marketing track. When you see MBAs, they kinda think the finance numbers are better and that if marketers can get to the finance numbers, then we're gonna be great. But the problem is that some of the finance numbers, you know, are particularly, if you're basing this upon financial accounting, are actually not that great, if you kinda think about what...sort of step back, think financial accounting. One of the, sort of, central points of financial accounting is matching. So, you know, the audience may have heard of matching before, and the idea is that your revenues and costs should be matched. So, you know, when the costs go out for an activity, the revenue should come in for that activity, and vice versa. If you think of what happens in marketing, the costs tend to go out and the revenues come back, you know, later, two, three, four, whatever, years later. And so the accountants are violating their own principle of matching by treating most marketing as immediate spend when it is actually an investment.

So, the accountants are making, you know, actually kinda bad choices from an economic understanding of the world perspective. And I think sometimes, you know, MBAs don't realize that the financial accounting numbers are there, and they're there for a particular reason. You know, it's not necessarily a bad reason. It's, you know, to avoid overstating the value of the firm. And, you know, they'll accept any number of...even some choices that violate the matching principle in order not to overstate the value of a firm.

That doesn't make the numbers accurate. It doesn't make them useful. And it certainly doesn't make them useful for managerial decision making. And so what we need to start thinking is if we do have an investment, how do we count for it as an investment? You know, it's great if we can change financial accounting - that's a big push, though, you know? Financial accounting is not fast, you know? They are not gonna do lots of things quickly. You know, we do need to work on it. But, you know, that's the sort of long-term, in-the-background, push away, push away.

But there's lots of things we do in the short term, or medium-term. And I think... So, too many accountants... sorry, too many marketers don't understand that within finance...within accounting, there's kind of two different branches. And I think, certainly, and maybe this is more for students, and, you know, we kind of work this out more once you've actually worked. But the financial accounts are, you know, a particular form of accounting. But managerial accounting is kind of what should be driving the decisions.

Managerial accounting is really to get into...too much into accounting, I kind of think, you know, managerial accountants, I'd love to see managerial accountants almost, like, take over accounting, and then push financial accounting to the outer side of accounting because at the moment, I think people think financial accounting is accounting. And maybe there's a few managerial people working in the corner there. But it's actually managerial people are the ones who, you know, should be creating the information for management decisions. And that's kinda the vast majority of decisions that are made in respect of a firm.

Obviously, funding decisions are important. But, you know, I'm all for financial accounting having a role. But I think financial accounting has kind of taken over managerial accounting. And I've even talked to CFOs who have said things like, you know, managerial accounting can do anything it likes as long as it follows GAAP. And the whole point of managerial accounting is it doesn't have to follow GAAP. That's kind of... If I was to define managerial accounting, it's accounting that doesn't follow GAAP.

So, you know, there are so many, sort of, ideas out there that actually harm this idea of marketing as an investment. You know, I know we could go into a long discussion over that. But if you think, if something is an investment, and it can't be treated as an investment in financial accounting, you know, that...okay, that's one thing. But if something is an investment, it can be treated as an investment in managerial accounting.

So marketers need to go and make friends with their managerial accounting buddies. They're the people. You know, if you're a CMO, you wanna be talking to the managerial accountants. You wanna try and persuade the managerial accountants to be the kind of powerful people. You wanna bring them up...I don't know how we help [inaudible] internal power struggle within finance. But the managerial accountants, you know, are the actual...they're our friends. They're the people who can actually start treating marketing as an investment.

Podcast

The Experience Gap (Ep#27)

Colin Shaw:

Colin Shaw is one of the world's foremost experts on customer experience and the author of "The Intuitive Customer".

In Episode 27 called The Experience Gap I interviewed CX Pioneer Colin Shaw, Founder and CEO of Beyond Philosophy

Practically every corporate leader today now realizes that the quality of the customer experience has become a competitive battleground worthy of their attention. Yet there remains a large gap between the expectations of customers and their actual experience. Which is why the American Customer Satisfaction Index has barely budged in the past 10 years. As a CX pioneer and marketing mastermind, Colin Shaw understands why companies are struggling to improve their customer satisfaction, starting with the fact that people's intuitive feelings about their experience matter much more than how they might cognitively evaluate it

SS **Stephen Shaw (SS):** Why despite all the attention given to customer experience in the past decade and more have CSAT scores flatlined? What's stopping companies from making any headway?

CS **Colin Shaw(CS):** Yeah, so I guess, first of all, I'd refer you to my previous answer, which is nothing is ever black or white, so probably all those things that you talked about, but let me give you my view. So at the moment, the American Customer Satisfaction Index, which has been going now for, well, since 1998, if my memory serves me correctly. It's at the lowest point for 17 years. For the period of time between 2010 and 2019, only 1/3 of organizations improved their customer experience. Now for me, I am gobsmacked at that.

So we are therefore talking about pre-pandemic. We're talking about the height of customer experience being, as a business requirement initiative, wave of change, being at its height, 2010 to 2019, and only 1/3 of organizations have improved their experience. So despite all they've bought, despite all the resources they've put in, despite all the consultants they've employed, only 1/3 of them have improved it. So the question clearly becomes, why? Now for me, the answer to that question, although I go back to it and nothing is ever black and white, but one of the big reasons is people are focused on the wrong things, okay? This goes back to the behavioral science bit.

I've written seven books on customer experience. My second book was about customer centricity, okay, so I always find it a bit odd saying this but here's the issue. You shouldn't necessarily listen to what your customers ask you for. So Disney know, when they ask customers what they want to eat at a theme park, Disney know that people say they'd like to have an option of a salad. Disney also know that people don't eat salads at theme parks, they eat hot dogs and hamburgers. So the irony is that customers don't necessarily tell you. They tell you what they think they want, but it's not necessarily what they really want, or what they all really do.

So again, go back to, we spoke about the iPhone earlier. Who said we wanted an iPhone? Steve Jobs didn't go, "Yeah, well, here's an iPhone. How many people want it?" So I think that part of the issue is that organizations are focusing too much on what customers are telling them that they want, and it's not the real thing that they want. I wish I had a dollar for every time I went into a client and they said, "Our customers only buy on price." We've never, ever found, in the hundreds of pieces of research that we've done for clients, that people make a decision solely based upon price.

In fact, price is typically important but it's never typically the number one thing that's important. It's typically third or fourth on the list of things that are important, and there are things that are far more important than price. And therefore, I think that, going back to why is it only 1/3, I think the other 2/3 have been focused on the wrong things. I think the other thing that's been happening is organizations in that 2/3 that haven't really improved their experience have not really given the people within the organization the latitude to change things enough. Lots of CX professionals, they've given them responsibility without authority, so they've told them that they got a team of five people, whatever it may be, "Go and improve the experience." But when it comes to the tough choices, that marketing are doing this, and sales are doing that, we gotta change that in sales, they ignore them and don't do it.

And I think the third thing is that the reason that we're at 17% now is, or the lowest point for 17 years, shall I say, is that clearly the pandemic has exaggerated the cracks in the organizations. And therefore, people's natural instinct is to focus inwardly on themselves rather than focus outwardly on the customer. So they've cut back on staff, they've stopped training of people, they just get as many bodies as they can in the customer service center because they've got calls to answer. It doesn't matter if they're the right people or the wrong people, we just need to get people to answer phone calls. They have pushed you to go to the website when you don't wanna go to the website, and the website's not designed to answer the questions, and those are now being exposed in that area. So I think going back to what I said before, it's never one thing and it's different for every company. Some of those things are starting to apply.

Brand Activism (#29)

Scoot Goodson:

Scoot Goodson is the Founder and CEO of Stawberry Frog and the co-author of the book "Activating Brand Purpose".

In Episode 29 called Brand Activism I interviewed Scott Goodson, CEO and Founder of the social change agency StrawberryFrog

The reason that most brand purpose statements end up as bland platitudes is that it's hard for all stakeholders to agree on the reason to even have one. Brands prefer to play it safe so no one will be offended (most of all the shareholders), often watering the purpose statement down to a bumper sticker slogan. Which is why purpose statements tend to be quickly shelved and forgotten. That's a paradox that marketing mastermind Scott Goodson calls the "purpose gap". He believes that the only way for business leaders to activate their purpose is to harness the "power of movements".

SS **Stephen Shaw (SS):** Your position is that the concept of movements will be the way brands are built in future. Can you just elaborate on that?

SG **Scott Goodson (SG):** Yeah, I think we're moving, I mean, it's clear that we're moving from brand to purpose. I think it's more important today if you can define what you're doing in the world, rather than, you know, just your name and a logo and some creative idea to get people to look at you. People are looking for a little more meaning. And I think a big part of that is we've moved from the era of trust; you know, when we were younger, brands talked about trust all the time. "You should trust us. You should trust our car, trust our bank." And then what technology did, it brought us closer together in ways that made us feel that we were in touch with other human beings and deep, you know, intimately in touch. And so our definition of community changed. It's not a physical community, face to face community. It's now this, you know, this engagement with other individuals over technology. We don't even think about technology anymore. And as a result of that, now we're living in a time when I think people realize that their well-being is dependent on other human beings' well-being as well. And so as a result, we're looking for a purpose because we realize that we all are not living in isolation. We're actually living very much dependent on this community and technology. So that's why I think, you know, brand becomes less important, especially no one's watching television, no one's looking at print advertising, even digital advertising, no one's looking at that. So how do you actually engage anyone?

Well, I think it's about that higher, you know, higher purpose. But not just stating it, you obviously have to do it, and that's really the core of the book, "Activate Brand Purpose." How do you activate the purpose in such a way that all the different stakeholders, including consumers and customers and investors and employees, will, you know, not only believe in what you're trying to do, but help build it with you? So that's my perspective on that.

SS Is a purpose statement the "why" behind the what a company does? Is it the 'good' behind the why? And for purpose to work, how important is it that there's a clear connection to what the organization actually does?

SG The best way to think about purpose is it's, you know, what are you doing in this world of ours that is beyond just making money? You know, how can you add value to people's lives beyond simply economic value? And I know everybody wants to simplify it and say, "Well, you know, what's your why and your what and your how" and all that. But I think, you know, that might be easy as a sort of traffic signals. But I think the basic idea is, you know, mission is what is the company doing on a day-to-day basis? And purpose is how are you making this world a better place? How are you making it better for your employees? How are you making it better for your customers and shareholders? That's perhaps the easiest way to think about it and try to come up with an original way to think about it. Perhaps more important to think about in a more original way, to activate it. I think the second part of the question is perhaps more important, which is, you know, is it okay just to say, you know, let's say hypothetically you're Audi and every one of your senior executives is a man. Is it okay for you to come out and say women should be paid the same as men? Well, I would argue no, because why would a car company that doesn't do what they say, why do they have the right to say it?

I mean, it's ridiculous. It's like, a few years ago, there was an ad on the Super Bowl for Planters peanuts, in a similar ad, which said not paying women the same as men is nuts. Now, that would be like Snickers saying that - like, why do these brands have the right, I mean, they have the right, but why do they have the credibility that they don't? And I think that's why we have cancel culture, because a lot of people are fed up with companies trying to do business on the back of important cultural shifts and societal shifts that should happen. And paying lip service to it only undermines those situations. Like there was another one this summer where Gucci had an agenda book that was gay pride week, and there was a lot of criticism like why should Gucci sell a day book saying gay pride? It's like, what in their background, in their history or their purpose, or their brand promise is connected in anyway with gay pride? I mean, of course, gay pride is important and we should all celebrate it, but there has to be some connection to what the organization is actually doing. And I think a lot of people are sitting around and waiting for a company to not do what they say they're gonna do. And that's where I think the cancel culture comes up. So you have to have something in your purpose, something in your brand that you connect your idea to. You can't just simply state it. Otherwise, you're gonna have people criticizing the brand.

Podcast

Brand Community (#31)

Mark Schaefer:

Mark Schaefer is a globally recognized author, speaker, futurist, and marketing consultant whose latest book is "Belonging to the Brand".

In Episode 31 called Brand Community I interviewed Mark Schaefer, Executive Director of Schaefer Marketing Solutions

Building an enthusiastic and engaged brand community is not easy. It can take years to reach any sort of critical mass. But, as marketing mastermind Mark Schaefer points out in his book "Belonging to the Brand", marketers have no choice. He believes that building community is the "last great marketing strategy". People "long to belong" Schaefer says and that presents an opportunity for brands to connect with them on a more meaningful level.

SS **Stephen Shaw (SS):** You've always been a proponent of marketing serving as the social conscience of the company in addition to their customary role as demand drivers. Given the pressures of achieving faster growth, how does the CMO reconcile those two goals?

MS **Mark Schaefer (MS):** The pressure on the CMO today, I believe, and why it's such a perilous career path, is because there's this disconnect between the expectation of the board of directors and customers. And the board of directors expects marketing to be coin operated, you put coins in and you get more coins out. And customers don't give a damn about that. The customers, they don't care about you, they don't care about your 10th anniversary, they don't care about how good and lemon-scented you are. They care about their life and their story and their problems. And I think the mindset of marketing today needs to be, "How do we come alongside customers at their point of need and do it in a way that we become part of their conversation?" "Somehow we can even maybe have a little part of the fabric of their life where we do something so helpful, so human, so generous, so authentic, so unmissable that they can't wait to tell other people about it." That's marketing.

And so, another part of your question was, you know, are businesses going that way? Mostly not, because they can't. You know, I think small-to-medium businesses, yes...and by the way, I mean, there have been a lot of businesses that have taken that "Marketing Rebellion" book and said, "This is the plan." It's been very humbling, that book has had an impact. Even on a Fortune 100 company, the CMO wrote me on LinkedIn and said, "We need you. We need you." And I was thinking, "Ah, right, this isn't gonna work." But, you know, it has worked. It has. People are listening. But I think it's the medium to small-size businesses that are gonna pave the way, the young people today. They're teaching us how we should do marketing. 20 years from now we're gonna look back at this age and say, "Wow, what was this stuff? Spam. What were we thinking? Robocalls...oh my gosh, I'm so embarrassed." Aren't we glad that we're showing up in a human way? Aren't we glad millennials and Gen Z ushered us into a new generation of marketing? "Oh my gosh, those were awful days," I mean, I think it's gonna be that embarrassing. And I think it really is. Within 20 years, we're gonna be humiliated by what marketing stands for by today.

SS How much of a gamechanger is AI going to be? It will certainly help marketers manage operational complexity. Does it truly represent the next big wave?

MS It's probably the biggest wave, but there are a lot of waves. I mean, there are a lot of waves. You know, the big wave, I talk about in the "Belonging to the Brand" book, is mental health. I mean, like, so, if you have a business that's especially comforting, you know, that's your wave. So, I mean, I don't think you can look at just one big wave. I think you need to look, you know, just like a surfer. You're looking at all the waves coming at you and you select one that you think that's gonna, you know, give you the best ride.

So, when ChatGPT came out, I wrote a blog post that said, essentially, something like, “This changes marketing forever beginning now.” I’ve never used those words before in my life. Never. Not even close. I think, you know, you had to wait and see how the internet was gonna work, right? This is profound, it really is. It takes artificial intelligence away from these geeky rooms and makes it as simple to use as Google. It is gonna displace a lot of jobs because, if you’re in the information business, you’re done. If you’re in the insight business, you’ll probably be OK. And here’s a beautiful example. When all this was happening, I interviewed Shelly Palmer, this tech analyst, and he compared this to the music industry in the 80s. When electronic music started, half of the professional musicians lost their jobs. But who stuck around? The greatest jazz musicians, the greatest players, you know, the greatest talents, the visionaries, the producers, the orchestrators, the writers. So, if you have insight, you win. If you dwell in information, you lose. And I think it’s really that kind of black-and-white right now. But it’s gonna change everything. And, I mean, in the next year or two years, it’s not gonna be just basic simple content. In the next two years, I would say two years, every one of us will be able to create a feature-length movie from our kitchen table for no time and no money. So, all content is gonna be AI-generated. And so, that deserves a whole other interview show.

Customer Valuation (#35)

Peter Faber:

Peter Faber is a leading authority on customer analytics and the author of the best-selling book "Customer Centricity".

In Episode 35 called "Customer Valuation" I interviewed Peter Fader, Professor of Marketing at the Wharton School of the University of Pennsylvania

What's the fastest way for marketers to drive business growth? They're certainly conditioned to spend money on acquiring as many new customers as possible. But they also know that they can't ignore current customers. The hard part, of course, is finding the right balance between acquisition and retention spending. That's where marketing mastermind Peter Fader comes into the picture. The Wharton School Marketing Professor believes passionately in what he calls a "barbell marketing strategy" which involves using acquisition dollars to selectively go after heavy category users while at the same time doing everything possible to please high value customers.

SS **Stephen Shaw (SS):** Marketers today still throw a lot of money at acquiring customers through paid digital media. What accounts for this obsession with performance marketing?

PF **Peter Fader (PF):** Oh, easy, easy, easy. A couple of things. It's just that we respond to what's right in front of us. We're humans. So, number one, we're very sensitive to costs. Thanks to companies like Google, we know exactly how much it costs when someone clicks on that sponsored search ad. We know exactly what it costs as someone goes through the funnel. And so we're just really painfully attuned to cost, cost, cost. And all I'm trying to do is - I'm not saying ignore costs. In fact, I wanna measure them even more carefully and allocate even more costs that we sometimes don't associate with customers. But I wanna create equal impact for value. I wanna say that the projected value of a customer should be right there at that same level of what it's costing us to acquire them. That if we can make value as visceral, tangible, measurable as cost, that's gonna change the calculus right there. And so, that's been happening quite a bit. So, when it comes to acquisition, can we bring in as many customers as we can, as cheaply as possible? Because both of those things, the cost of acquiring and, "Oh, look, new customers. Yay, we got to be doing something right." Even if they're crappy customers. That if we can focus a little bit more on, let's say, quality instead of quantity, it might, first of all, shift the balance away from just acquisition at all costs to the care and feeding of these customers after we acquire them and to let us be held accountable for those kinds of activities.

SS Whether it's NPS as the beacon metric or some composite score, it's tough for marketers to say conclusively that loyalty trumps category growth because it can't be clearly connected to the bottom line. But that's the question you're answering, right?

PF Exactly. So, what I wanna do is I wanna find that just right middle ground between the overall valuation and kind of these emotional activities and measures. And, for me, it's gonna be these same basic, boring building blocks I keep talking about: acquisition, retention, repeat purchase, spend. Because those are the things that we really need to focus on, how many customers acquiring and how long they're staying. Now, it's not enough just to have metrics around them. We need to understand why things are working. And that's gonna take us to the more qualitative measures. Problem with so many companies is they'll do the qualitative stuff or they'll do the attitudinal thing, and they'll do it across the whole customer base. So, what are the hot buttons for the customer? That's why I corrected you earlier, saying, we can never talk about the customer. Let's do it separately by, let's say, lifetime value tiers. Let's look at our top 10% of customers and see what is it they're seeing. What are they saying, what are they doing? What are their needs, benefits, frustrations? And how is it different from tier number two, or three, or four, or five? So, let's figure out what are the kind of emotional buttons for each type of customer, each value tier of customers, rather than trying to do it on an overall basis. And you're getting stunning insights about that.

Marketing Science (#40)

Koen Pauwels:

Koen Pauwels is one of the foremost marketing scientists in the world and the author of "It's Not the Size of the Data, It's How you Use it".

In Episode 40 called Marketing Science I interviewed Koen Pauwels who is Vice Dean of Research at Northeastern University

In marketing there is no such formula as "spend this much, get this much in return". The answers lie somewhere between what has happened in the past and what might happen in the future. But that crucial job of estimating marketing effectiveness based on known historical data needs to be far more rigorous if marketers are to have any credibility whatsoever. That's where marketing science comes into play, helping answer marketing's toughest questions. One of the leading and most respected marketing scientists in the world is the marketing mastermind Koen Pauwels. In fact, Marketing Week's Mark Ritson calls him "the best marketing academic on the planet".

SS **Stephen Shaw (SS):** What are the reasons it's still a major struggle for marketers to translate data into really good insights and strategy?

KP **Koen Pauwels (KP):** That's a fantastic question. So, first of all, I completely agree with you. So that, that these complaints that I had in my first book are still true today. And by the way, the reason of the first book. So the publisher approached me because they wanted to write a book about big data, and they had several books about big data. This was back in 2011 when it's supposed to be very important. And I was like, well, in my experience, and at both big and small companies and three continents, I mean, most companies don't even know how to translate a small data and insights have into action. So if you just enlarge the data, it's just going to be more problematic. And so, later on, I published several articles that actually show that the bigger the data, sometimes the more problems you have with biases in decision making and so forth.

And so I would say I think at least two of the explanations that you noticed are very important, I would say number one, marketers continue to have issues convincing risk averse decision makers. So they typically don't have the finger on the pulse, and they have to convince people who don't like the marketing mumbo jumbo of awareness and mysterious brands and, you know, winning Cannes Gold Alliance. They say, well, show me the money, show me a projected return on investment and some risk assessment. So, a lot of my courses is focused on making marketers comfortable, saying these things and calibrating their assessment. I think, though, it's also, and that was one of your other explanations that really jived with me, there is this kind of fear that if a model or multitouch attribution or marketing mix model or whatever you get that is coming from a data scientist or a modeler, right? There's always this big question mark. Yeah, but will it work? Will it work for my company, in my country, in my industry? And never forget, anything that you get as an insight is built on the near past, right? So it's models run on historical data. It's an experiment that worked last month. What is the guarantee that it will work when you try to apply it now? And this is why obviously marketing is the toughest function in any company because the success of what you're going to do now depends on how potential customers react, competitors react, maybe some macro terms like whether the interest rates go up and down.

So there is just a lot of uncertainty. And so, a good marketing manager kind of takes the model's input and says, okay, this is fantastic, but I see the limitations and I do have my own experience and intuition about what has changed. A typical example, right? So, in most of my models I have competitive retaliation. So let's say, you're a big car manufacturer in the US. Let's talk about big companies. And you only have really kind of, you know, five or six main competitors in your niche. And so I have modeled every time in the past when you give a price promotion or you had a new generation or you had more advertising, what your competitors did. And so I think that's pretty valuable. The other reason the car industry is so cool is because, you know, one and a half years before your competitor comes out with a new model, what the new model is. So it's pretty predictable.

So I build my model, and then of course I put that into the predicted net effect if you're going to do something. But then you may say, well, wait a minute, you know, the CEO of my main competitor was just fired and the new CEO comes in and this is a guy who really wants market share. So he's going to react way more strongly than the previous CEO. Or, you can say, oh, the person that is now in charge of my competitor, they're in bankruptcy proceedings. They are much more careful and they don't want to rock the boat, so they're not going to react. And so I always build in that you as a manager can kind of shut these things on and off, that you can say, well, in my forecast, I know that this will happen even though it's not in the model. And so I think modelers have to, you know, just appreciate this flexibility, understand that they are not the only ones who know something, right? That the managers know their industry a lot better and what's going on currently. And so, I always go back to a pretty old article that I like that says it's 50% model, 50% manager, which means that you know, you can get much better results if you combine that human intuition with something more formal. The same goes nowadays for AI and human interaction, right? I mean, it's just inconceivable to me that AI can replace us all, but I can see how it can make my decision making better.

Podcast

Content Marketing Strategy (#41)

Robert Rose:

Robert Rose is one of the early pioneers and evangelists of content marketing and the author of "Content Marketing Strategy".

In Episode 41 called Content Marketing Strategy I interviewed Robert Rose, one of the true pioneers in content marketing.

Where most organizations go wrong with content marketing is they view it as a Trojan Horse – a way to get customers to lower the drawbridge and let them inside the gates. A more strategic approach is to think first about what customers value and then to organize content creation around those needs. But getting organizations to think less in terms of selling and more about sharing takes a huge mindset shift. With the right content strategy, content marketing pioneer and marketing mastermind Robert Rose believes it is achievable.

SS **Stephen Shaw (SS):** You believe that most companies have still not figured content marketing out. Is that because they're still stuck in a campaign marketing mindset?

RR **Robert Rose (RR):** Yes, in a headline, yes. I mean, there's some more nuance to that for sure, but yeah, in a headline, that's it. Where many companies struggle with this is they take the campaign project oriented mindset of the way marketing has been done for the last 60 or 70 years and applied it to content marketing. You referenced earlier to the BMW ad, right? Whatever it was, the James Bondy thing that they did, which was the brand films thing, that was a campaign, right? I would say that's great brand marketing and brand storytelling or something like that. That's a great campaign. It is not a content marketing initiative because there was no owned media perspective there. There was no real idea of getting, building an audience around that idea and doing something with that audience. And so that was sort of, that used to be, like the biggest thing that we would sort of dispel myths of, or try and correct in terms of what we were talking about with companies, was the idea of campaign, project, flight based marketing versus an owned media ongoing, building a media operation. And that at the heart of it, and this is what hopefully the book really gets to, is that it's that operation that is different. That's the operational elements that are different, which is when you're looking at building something that is supposed to last for months and years and not be a campaign. It's just a different operational approach, right? You have to think about promoting it, you have to think about taking care of it, you have to think about updating it, you have to think about how consistently you'll post. You have to think of it like a media company would. And treating content with the same care and affection and strategy that a media company does is just a different operating model than looking at content as a campaign. And it's that operating model that trips companies up. They don't switch up the way that they look at content. For most of them, content is just an on demand vending machine of churning out more and more stuff that's supposed to live, you know, for the moment, not forever. And changing that operation to something that is looking at it like a publication or something like that is just a different way of doing things.

SS You make a very strong case that content marketing is best served as a media operation in service to an audience. What's your definition of an audience: Is it a prospect pool? Is it a marketplace? Is it a community? Is it all of the above?

RR It's really all of the above because it basically expands our notion as marketers of what a customer is, right? Drucker, Peter Drucker, what was it, 60 years ago now? He defined a business as saying our business is to create customers, right? That is the purpose of a business, is to create customers. And I still agree with that in 2024. But what we have often done, and not done, is to put the word customer into too tight of a bucket, right? In other words, we define customer as someone who has bought our product or service. And customer is really someone, as Drucker would say, who adds wealth to our business. And so they are all of the audiences, they are all the people, groups of people, who can add wealth to our business. And so that is our audience, right? And so how do we serve that audience? And ultimately, how can they help us serve our purpose? To add wealth to our business. That's how I look at an audience. Now, typically, I'm going to segment that down one level and say they're addressable, right? And call that my callback to my cable TV days. But when I say they're addressable, I mean that you have the relationship with them. It is not through an intermediary, like a Facebook or a podcast feed or some other intermediary that controls when and where your content is seen by that audience. They are addressable in the sense that you choose to have the relationship with them and can address them when you want to. They choose whether or not to continue that relationship or not. That's an addressable audience for me.

I hope you've enjoyed this compilation of past interviews. You can look forward to hearing the perspectives and opinions of many other marketing masterminds as we head into our eighth season. For marketers everywhere the challenges are bound to become even greater as we brace for the tremors caused by AI and adapt to the continuing disruption of our profession. The mission of this podcast is to escort your through this era of accelerated change, hearing from some of the top minds in our business, and hopefully to inspire you to become change agents in the interest of putting customers first.

Customer
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thinking.

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