

Today's Marketing Landscape

A Roundtable Discussion With Marketing Experts From Around the Globe



From left to right: Jonah Bloom, Rose Fernandez, David Gallagher, Claire Murphy, Kelley Skoloda

Jonah Bloom, executive editor of Advertising Age; Rosa Fernandez, brand and food practice director for Ketchum/SEIS in Madrid; David Gallagher, deputy CEO of Ketchum London; Claire Murphy, a former news editor of Marketing and PRWeek who writes on marketing issues for publications including the Financial Times; and Kelley Skoloda, director of Ketchum's Global Brand Marketing Practice participate in a roundtable discussion and offer their views on today's marketing landscape.

Question: Is the face of marketing changing?

BLOOM: Probably not as quickly as it should be but, yes, it is, and on so many levels it would take a book or two to really examine them all. Most significantly, media fragmentation, particularly of TV, and information saturation make it increasingly difficult to connect with consumers, prompting some marketers to seek better-targeted and more effective solutions than the old mass-marketing techniques.

Demographic changes are forcing smart marketers to change. A generation, Gen X, of hugely cynical buyers is reaching maturation. This generation has different tastes and completely different media habits from its parents. They are more likely, for example, to glean information from the Internet than from newspapers. They tend to consume media simultaneously, more so than their parents and parents' parents. They appear – according to Advertising Age surveys – to be less perturbed than their parents about content that is paid for, their key criterion being that the content is compelling, not that it is produced independently of commercial interest. They do not want to be taken for fools, but they accept commercialism. Reaching them requires a new mindset.

So marketers have become more attentive to the idea they should create certain products for certain segments and market them in a similar way.

FERNANDEZ: It changes depending on the different companies and sectors. For instance, Procter & Gamble is diversifying its marketing strategies. They are focusing more on direct-to-consumer activities: direct marketing, interactive in-store activities, PR for consumers, etc. They are using all the tools included in the marketing mix in a more balanced way. Some years ago, the ad campaigns were the "stars." But now, companies are more conscious about the power of the marketing mix to reach and convince consumers in a more effective and credible way. Additionally, they are looking for the key influencers, to "use" them as opinion leaders, especially in PR. On the other hand, there are still companies basing their strategies mainly on advertising with a focus on TV.

GALLAGHER: Yes, of course it's evolving. Yet the idea that PR and marketing have recently "discovered" each other stems from a poor understanding of our common heritage. PR people generally have no clue about the modern origins of the field, and "marketing" types are even less familiar with the territory. We could make ourselves more valuable to marketers by better understanding our own field – and they could make more effective use of their PR investment by better understanding the discipline.

MURPHY: Everything changes, and marketing is no exception. Over the last five years, the most influential changes have been the most documented – the rise of the Internet; the cynical, empowered consumer; and the fragmentation of the media. But one of the most interesting changes affecting marketing is the rise of the niche brand. An increasingly wealthy and vocal minority of consumers has emerged who actively seek to avoid the big brands, preferring to choose something with branding of a more 'cottage-industry' nature. It can be construed as a reaction against globalization, and has been most prevalent certainly in Europe. The drinks brand Innocent is a good example of this.

SKOLODA: Smart marketers are "balancing" their marketing portfolio the way a fund manager balances stocks – the right mix for the right time. Right now, credibility with key audiences is at the top of the list, so some clients are rebalancing the marketing mix to deliver on credibility. More than ever, marketers are scrutinizing the results of each line item in the marketing mix. It's a trickle down from the omnipresent focus on corporate accountability. PR can deliver high value that other marketing vehicles cannot – editorial coverage, credibility and a strong connection to influencers.

Question: *Several recent books suggest that traditional marketing channels are blurring and advertisers and clients are having trouble determining where and how to create a balanced marketing mix. Do you buy this argument?*

BLOOM: How can you not? Coca Cola's integration into Pop Idol, as part of the set, was described by Coke marketers as being worth much more to the beverage giant than any TV spot. Television shows, such as Push Nevada, are being devised and produced specifically for one advertiser. Musicians such as Alana Davis, whose music appeared in recent Sony commercials, or Sting, who got a new lease on life after Jaguar used his music in commercials, consider working with a marketer to be a great way of getting to market. They figure it possibly offers them more artistic freedom than a traditional deal with one of the struggling record companies.

Advertisers such as Johnny Walker, Absolut and BMW enjoy some success creating short films rather than ads and distributing them to consumers in original ways – at film festivals, on CD-Roms, on the Internet. Customer magazines and informational/entertainment Web sites paid for by marketers have become a key tool for many companies, and consumers have shown they are willing to pay for the best of them. Then there's Google – arguably the most powerful informational channel in the modern world – using a model that offers advertisers the chance to pop up in front of the consumer who is searching for content or information. Blurring? Of course it is.

Are advertisers struggling with this? Certainly they are, to some extent. They wonder how much to rely on the old ad model, and to what extent they must become involved in the creation, or even distribution, of content.

MURPHY: I partially agree. Marketers in recent years certainly have realized the value of PR. But advertising still has a definite role to play. The recession hasn't resulted in marketers switching their ad budgets into PR, contrary to the hopes of some in the PR world. If marketers have trouble working out the split of their budget between the various marketing disciplines – and undoubtedly it's a tough issue – it's because reliable enough ways still don't exist to measure the effectiveness of PR versus advertising, direct marketing or all the other techniques.

SKOLODA: Well let's admit it – we're all having trouble with balance. Frankly I'm not sure that balance is what we should be looking for. The weapons in the marketing mix – advertising, sales promotions, PR – have remained the same, yet the lines between them are blurring, and the order in which they are used is more fluid. For example, from a consumer-marketing standpoint, PR is being used more often in the very upfront stages of launching a new product, instead of advertising taking the lead. PR is being leveraged for news value and advertising is being used to sustain the brand. In addition, PR is being used to leverage influencer groups – to bring their power to bear for a particular brand. You have to look at your needs and the best way to reach your audience with your message. It changes. There is no real balance.

Question: *How have events of the past three years – the flagging economy, the dot-com collapse, the terrorist attacks of Sept. 11, the corporate scandals and the Iraqi conflict – contributed to changing the traditional marketing environment?*

BLOOM: There has been some change, particularly in the U.S., in the nature of marketing messages. Ads have, at various turns, become more patriotic, more conservative, less humor-oriented and more focused on companies' trustworthiness and reliability. But let's not overstate the change. Sure, if you do a survey asking consumers whether they are more fearful than a year ago, you probably will end up with a result that could be spun to portray a new culture of fear. But 99.9% of people's routines have not changed. They get up and shower, they eat their breakfast cereal, they watch their breakfast news show, they get in their cars and so on. It would be wrongheaded to change drastically the strategy for marketing fast-moving consumer goods in the light of the above events, except to try to find more efficient ways to get the message to the consumer.

Naturally marketers of bigger, more luxurious items have to think harder about how to sell their goods in an environment in which people are more fearful for their jobs and suspicious about the direction the economy is taking. And, equally obvious, corporations have to work much harder to show that they are transparent, accountable and good corporate citizens.

GALLAGHER: I don't think the current economic environment changes the relationship between PR and marketing any more than a good climate would change things. Good marketers use an array of tools to create the optimum landscape for sales, and there are few times when PR shouldn't be among them.

Tough times make us more anxious to demonstrate our value, but I don't think we're more or less valuable in a bad economy or a good economy. Arguments that we should receive a greater portion of the marketing pie are self-serving; the economy doesn't change this, and efforts to convert "direct mail" or "advertising" figures to PR aren't necessarily in the client's best interest. I think a better argument would be that PR should represent an appropriate percentage of overall marketing budgets in all climates. It's a unique tool. It reaches a target audience in a direct, credible way.

MURPHY: We're operating in a less secure-feeling world. The post-Cold War years were a breeze in hindsight and that atmosphere fueled the booming 90s. The current climate has big effects for the stock markets and macroeconomics, but how much it contributes to the nitty gritty of marketing strategies, I'm not so sure. Does Cadbury have to change the way it sells chocolate because people are worried about terrorism? No. But I guess Ford has to take into account that people were nervous about making a big purchase in the run-up to the Iraq war. So it's a secondary effect, prompted by the effect on the economy. Companies are now keener than ever to convince consumers of their honesty and transparency in light of the corruption scandals. But that has more impact on corporate branding than day-to-day product marketing.

Question: *In today's marketing mix, are there fresh tactics you are detecting that illuminate a changing face of the industry? Ethnic marketing? Influencer programs? Sports-and-entertainment marketing? Other specialty marketing niches?*

FERNANDEZ: One of the most significant changes reflects interest in the diffusion – word-of-mouth – campaigns via public relations. Clients realize that identifying the right influencers and opinion leaders is key to provoke positive word of mouth among consumers. This is the reason why many clients are more interested than ever that influencer programs be included in their PR activities.

MURPHY: All of those are happening, although ethnic marketing is more of an issue in the U.S., because of the greater numbers of discrete ethnic groups. Marketing via text message has become hot in the UK over the past year or two. Marketers are still experimenting with what is acceptable to consumers on this front – it's easy to annoy them with the wrong style of message at the wrong time.

BLOOM: Sure, demographically, it also is worth considering the dramatic shift that has occurred in the last three years – particularly in the last year, since the results of the 2000 census were made public – toward separate marketing to ethnic 'minorities.' The increasing size of and disposable income of the Hispanic and black populations are driving change as marketers slowly wake up to the need to target these groups through individually tailored mediums and messages. Cultural sensitivity in marketing to diverse groups – as well as to local populations outside of the U.S. – has become an obsession of progressive marketers, and with good reason. A campaign devised to please white America might displease other demographics and can do untold damage to a brand.

SKOLODA: Clients these days seem to be most interested in creative ideas that have bulletproof execution. There is great comfort in knowing an idea is doable and will generate the anticipated results and be creative at the same time. We've seen our entertainment marketing group really grow over the last few years. There is more interest in finding ways to incorporate brands into the world of entertainment – an area of great interest to the majority of the population. We also have noticed changes in the use of sponsorships. While clients are still interested in this area, we have also found that they are looking for the connections to be stronger between the activity they are sponsoring and the brand they are selling.

Question: *How do you think the role of public relations is changing? What specifically would explain your view?*

FERNANDEZ: Some years ago, very few clients considered PR as a key tool to reach their business objectives. Now they are changing their minds and determining that such factors as credibility, brand values, image and reputation come more from PR than from advertising.

GALLAGHER: I see PR as a tool with marketing applications and not simply as a marketing sub-discipline. It has so much to offer institutions and corporations at other levels. Sure, PR can help product sales, but it can inform and influence public policy, boost employee/labor performance, generate community support, educate shareholders and even help the company or organization better perform its mission.

MURPHY: It's polarizing into two groups. The increasingly defensive, reactive PR approach – and at the risk of inflaming national sentiments I have to say I think this is most often exhibited in American companies – and, at the other end of the spectrum are some organizations choosing to become ever more proactive in controlling their public fortunes. Neither is necessarily more effective, but it seems that no one wants to have a neutral PR role anymore.

SKOLODA: In Brand Marketing, our clients most often are brand managers and marketing communications staffers. Typically, they are well versed in advertising because it is part of the MBA curriculum. PR isn't part of their educational foundation so it's often up to the internal communications staff or us to educate brands about the value of PR. Many times, once a brand manager experiences PR, they are repeat users.

Question: How can marketers better understand the PR discipline?

FERNANDEZ: We must demonstrate that PR isn't the last option in a marketing plan; that it at least carries the same weight as the rest of the tools. Case studies and results are very useful to illustrate our capabilities and experiences.

GALLAGHER: For marketing clients, we need to make a quick, clear case for including PR in their arsenal. Our efforts to show a return on investment are a good step, and from there we need to show examples of how easily PR can fit into their broader communications effort. Ease of use might be as important as return on investment.

SKOLODA: Ask peers and colleagues about their experiences and success stories. Give it a try with a project that really has news attached to it. Think about marketing holistically. Think about your audience and what really resonates with them, and then apply the right marketing technique.

Question: How can we in PR better understand the marketing landscape?

FERNANDEZ: Be involved in development of the marketing plans and work as an extension of the marketing department. We need to move fluidly and beyond the communication or PR departments and work more directly with the marketing people.

SKOLODA: Actively engage our clients in discussion about their business. Put on their shoes and try to understand how they run their businesses. Read, read, read their trades. Understand the broader view of marketing, not just PR, so we can be marketing counselors.

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