



TEN MARKETING TRENDS YOU CAN'T AFFORD TO IGNORE

It should come as no surprise to marketers in almost every business category that 2008 is shaping up to be a difficult year. Mr. Bernanke has finally admitted to the press that the economy appears headed for a recession, even though he still refuses to use the “r” word. The dramatic slowdown in the housing industry is not only impacting the jobs market and discretionary income, it is casting a collective funk over the sensitive psyche of the American consumer. The credit industry is finally seeing the negative effects of too many years of questionable decisions on credit-worthiness. Fuel prices continue to rise, with no relief in the immediate future. The healthcare industry continues to be a mess, and the current political discourse hasn’t revealed any plausible solutions to the issues.

Yet even with all of these caution flags waving, opportunities are still readily available for marketers that are willing to try new things and take advantage of the changes in our media consumption habits and attitudes toward marketing. There is no question that the internet has dramatically changed the way people communicate and interact with each other, and it continues to impact the way that marketers must change their way of thinking to effectively communicate with current and

potential customers in the future. If you continue to follow yesterday’s assumptions about marketing, you face a questionable future even when the economy rebounds.

Here are some of the key trends that will play an important role in marketing during 2008 and beyond. Ignore these new rules of marketing at your own risk.

1. The shift from traditional media to online and other new media alternatives will accelerate to the point that online will become a traditional medium.

For several years, marketing giants like P & G, Kraft and Unilever have treated online marketing as an afterthought, with less than 10% of their marketing budgets (and their marketing efforts) devoted to alternative media. Advertising in traditional broadcast and print vehicles will continue to be a staple for many advertisers, but the astounding growth of social media and the availability of broadband connections in the home environment will shift online advertising from being a secondary afterthought to one of the most important elements of a marketing program. The Internet is now used extensively by every major demographic group for information, communication and entertainment. General Motors just announced that in three years they expect to spend \$1.5 billion annually in online support, a substantial increase from the \$197 million spent in 2007. According to Forrester, online marketing spending will triple to \$61 billion over the next few years, and experts predict that online spending will account for 25-30% of all marketing dollars by 2015.

2. The integration of off-line support for online campaigns will continue, with television playing a major role in developing that synergy.

Over the past two years, we have seen the increasing use of television and other off-line

media to drive customers to a web site where they can find more in-depth information. The broadcast networks have done an excellent job of providing online support for their primetime shows by building social networks and providing additional information and insights on characters and plot lines. As a devoted *Lost* viewer, I can go to the *Lost* home page and replay full episodes, download favorite scenes, read and join multiple message boards, view pictures and bios on all characters, play a video game, or even have Sawyer generate a custom nickname for me.

Another growing use of offline media is to drive viewers to the web where a longer form video can be used to tell the story in more depth and build customer loyalty. A great example of this is the recent Burger King Whopper Freakout campaign. Thirty second television commercials and selected print ads direct consumers to a special web site - www.whopperfreakout.com, where an eight-minute, documentary-style video tells the story of how real customers reacted to a staged situation of a Burger King that no longer offered the Whopper on its menu. It is a very creative way to demonstrate a taste preference for the Whopper versus the Big Mac and other alternatives, and according to Burger King received over 1.5 million views in its first month, about five times what a company spokesman said is considered successful.

3. E-mail marketing will continue to grow in importance, but will evolve from its current context.

In a recent webinar, Forrester analysts reported that more than 97% of their panel of 700 marketers is using, testing or expecting to test e-mail marketing by the end of the year. More than 35% are sending promotional messages, while 28% are sending out newsletters. It's no wonder that spam filters have been one of the fastest growing software segments in recent years. Consumer fatigue from mailboxes overloaded with too many unsolicited and irrelevant offers will require marketers to focus their efforts on delivering relevant messages only when they are most willing to listen to them. In order to avoid consumer shutdown and rejection, marketers will need to take advantage of increased use of behavioral targeting and other analytic tools to deliver e-mail that is triggered by consumer actions, not their own corporate promotion activity. The focus becomes less on sending out as many messages as you can and instead on running analytics to figure out who you should be sending messages to and then making sure that your e-mail program is better aligned with your customer service or your database marketing efforts.

You can also expect to see additional providers stepping in to aid marketers in refining and evolving their e-mail programs. E-mail service providers today primarily provide a delivery solution. Tomorrow you can expect to see specialists that focus on strategy and analytics

and other services where e-mailers are going to need more help.

4. Brand loyalty and customer retention will eclipse brand awareness and customer acquisition as primary marketing goals and evaluation metrics.

Past marketing tactics have focused on building broad scale awareness based on a belief that the more people you reach, the greater chance you have of converting a sale and acquiring a new customer. In the past, consumers had no choice but to watch your commercial or see your newspaper ad if they wanted to get what they really wanted, the entertainment or news content. The formula for marketing was relatively simple - spend enough money to reach as many eyeballs as you can and you will find success.

With today's excessive clutter and media fragmentation, and the fact that Web 2.0 is shifting the balance of power and control from the sender to the receiver, that formula doesn't work anymore. Simply knowing that a product or service exists isn't enough. In this environment, product relevance to niche market segments is a much more powerful marketing tool. Marketers have always known that the cost of acquiring new customers was more expensive than the cost of retaining customers. In a multiple-choice world, marketers must focus their efforts on developing those niche market segments, building loyalty and retaining the customers they already have.

5. Word-of-mouth marketing will become more intentional as a primary marketing tool.

While marketers have always hoped to achieve positive word-of-mouth due to its presumed greater credibility, word-of-mouth can no longer be a happenstance event but rather an important part of an integrated marketing program. Deliberate efforts to generate beneficial consumer conversations through blogs, podcasts, viral marketing and other buzz marketing tactics will grow in importance. WOMMA, the Word-of-Mouth Marketing Association, reported the results of a national survey in their November conference that identified word-of-mouth marketing as the “fastest-growing segment of the \$254 billion marketing services sector,” and reported that “Brand marketers are responding, and have begun to increase their WoM media budgets, moving from test phase to implementations that support their integrated marketing campaigns.”

Marketers should be cautioned, however, to be transparent and honest in their WoM efforts. Consumers today are more skeptical and wary of being manipulated by marketers than ever before. If you try to fake it, you face the wrath of a wired audience that can send a negative message about your company around the world in minutes.

You might also face the wrath of the FTC who has announced they will pay close attention to “unfair or deceptive acts or practices on the internet” such as the recent scandal created by John P. Mackay, co-founder of Whole Foods

Market. Mr. Mackay has admitted that he used a pseudonym to log more than 1,100 entries on Yahoo Finance’s bulletin board to champion his company’s stock and to denigrate a rival - Wild Oats Market. In an era where corporate greed and ethics are so top-of-mind, this was not only illegal, it was stupid.

6. SEO and SEM will become SOP.

A core principle of web marketing is winning the attraction battle, and if you are looking to boost traffic to your Web site, Search Engine Optimization, or SEO can be a powerful and rewarding tool. It’s been proven that the higher you rank, the more traffic (and sales conversions) you can generate. Yet many web sites are virtually invisible to search engines because of their fundamental structure and presentation.

Consumers are using search in record numbers and it is the fastest-growing form of digital marketing because it provides a contextual and timely way to reach consumers at a key point in the buying process. A recent study by Anderson Analytics ranked search engine optimization as a one of the most significant tools available to marketers to create bottom line impact for their company.

As more marketers become aware of the power of complementing organic search with a proactive use of keywords and keyword ads that link to specific landing pages on their website, the use of search engine optimization and search engine marketing will become standard elements of every marketing program.

7. Social Media and Social Media Marketing will continue to grow dramatically as targeted consumer networks become more popular.

Web 2.0 has opened the door for unprecedented interaction and consumer-generated content, and marketers should pay attention to new ways that consumers are interfacing across the web. Social media can be described as the democratization of information. Social media allows consumers to shift their role in the communication hierarchy from simply being content readers to content publishers.

Facebook was the darling in 2007, grabbing attention from MySpace and YouTube, but as these mass online communities become more and more infiltrated by corporate America, the real growth in social marketing will come from social network sites that are targeted to consumer niches. Marketers should be watching the dramatic growth of the next wave of online communities that are more personalized peer-to-peer interactions based on common social behaviors, common interests, and common needs. Targeted sites are cropping up every day for all age groups from teens (Piczo.com and Tagged.com) to seniors (Eons.com). Lifestyle sites will eventually target every possible special interest group from photographers (Flickr.com) to mothers with children (momseasychair.com) to business networking and job seekers (e.g. LinkedIn.com and Plaxo.com).

8. Blogging may be right for some companies, but only if they do it right and are willing to accept the consequences.

As noted earlier, transparency will be mandatory to avoid any backlash from disgruntled consumers who can smell manipulation a mile away. Companies must be careful when using tools like blogs, vlogs and podcasts or face the wrath of a networked audience that can love you one minute and hate you the next. Some forward-thinking companies have created a new executive position of Blog Monitor to be able to respond quickly to new issues as they arise, or to correct misinformation that can damage a company unfairly.

But be warned that corporate blogging is not for the faint-of-heart. Be prepared to accept negative criticism, along with the positive and useful information you can gain from your audience. And be sure you enter this brave new world for the right reasons. Too many marketers are using the wrong logic when deciding to launch a blog. Your first question should not be how do I launch a blog? It should be can I use a blog to establish a meaningful dialogue with my customer base, or my employee base, to improve the products and services we offer. If that answer is yes, you are on the right track, although you still have a lot of challenges ahead.

9. Going Green is no longer a luxury or an option; it must be addressed by every marketer in every category.

Since the original Earth Day in 1967, marketing periodicals have been saying that green marketing was the next big thing. It wasn't then, but it is now. Every day, another brand finds both direct and indirect ways to commit to a sustainable future. A recent national study among marketing executives at a VP-level or higher listed "green marketing" as one of the most important emerging concepts.

As more companies adopt "green" campaigns, consumers are growing increasingly confused over what it means to be green. According to a 2007 study by Landor Associates, New York, 64% of those who responded couldn't name a green brand; even 51% of those who considered themselves to be environmentally conscious were unable to name one. "As much as the term has been tossed around, many people . . . are unclear as to what it means," the study reported. "Eco-friendly, fuel efficient, biodegradable, natural and organic is used in different categories to emphasize green, but can confuse and cloud the mind of consumers."

As the noise in the green marketplace grows louder, marketers should be cautious to avoid over-hyping any half-hearted efforts. If you are committed, flaunt it. If you aren't, don't try to fake it.

10. Consumer engagement will displace the traditional interruption-disruption model as the order of the day in all categories.

For decades, consumers have understood that in order to experience free content in television entertainment, radio broadcasts, and news in their daily paper, they would have to put up with ads. Ads were seen as a necessary evil to support the content consumers really wanted to see. The rise of broadband connections, satellite radio, cell-phones, TIVO, and other forms of digital communication allow consumers to control their media content and avoid advertising they don't want to see. When the multitude of new media forms are combined with less trust in advertisers and their messages, and a greater ability to create their own content through blogs, social networks, wikis and other digital-communication platforms, irrelevant content will not be tolerated. This doesn't mean that advertising is doomed. It simply means that as marketers we must do a better job of engaging consumers with content that is so compelling, relevant and entertaining that they will seek it out and even share it with others. As Geoff Ramsey, CEO and co-founder of New York-based *eMarketer* put it in a recent article, "The new ad model is about creating great content and finding clever ways to embed it in the fabric of communities and content platforms where consumers are hanging out and actively participating."

Understanding and responding to the aforementioned trends will have little effect if we, as marketers, can't find better ways to truly engage our customers. The future offers great challenges, but will also offer unprecedented opportunities.

A.G. Lafley, chairman - CEO, Procter & Gamble had this to say about 2008, “We need to reinvent the way we market to consumers. We need a new model. It does not exist. No one else has one yet. But we need to get going now.”

For marketers to answer that call-to-action challenge, they must “get going now” to look for new ways to connect with their customers. The future belongs to those marketers who not only accept the new rules of marketing, they embrace them.

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