

PREPARING YOUR BRAND FOR THE EXPERIENCE ECONOMY

In conversation with KV Sridhar, Founder and Chief Creative Officer, Hyper Collective

One of the most significant marketing trends of recent years is the rise of the ‘experience economy.’ Consumers are demanding uniquely immersive, multi-sensory experiences that add an extra dimension to the ordinary. Organisations can have the most technically advanced product on the market, or a fantastically-convenient service that ticks all the boxes, but if the experience is not ‘fun’, they will still fall short. The experience economy applies to both, B2C and B2B-focused companies, because ultimately, it is about human connect and the value proposition that is on offer. How can marketers take cues from customers to create immersive, total-experience strategies that offer an ‘elevated’ product across all touch points? To decode the imperatives required to succeed in the experience economy, IMA India invited the Founder and Chief Creative Officer of Hyper Collective, KV Sridhar – better known as ‘Pops’ in advertising circles – to share his perspective.

As businesses transition from services to experiences...

... brand messaging has to shift dramatically

Designing experiences that are memorable and seamless are key to engaging customers

THE NEW NARRATIVE

In a rapidly-changing business landscape, where technology is ubiquitous and customer attention finite, the key to winning customers is appealing to them on an ‘emotional’ and ‘inspirational’ level. Today, the experience is not just about how a product works, but how it makes the user feel. Consequently, brand messaging has to shift from informing customers to appealing to their emotions via the ‘experience.’ Coffee, for instance, transitioned from commodity to product, to service – and finally, to experience. This is best exemplified by Starbucks, where people pay not for the coffee, so much as for the associated frills that come with the coffee-shop experience. Organisations can differentiate themselves by co-creating an experience, one that difficult to replicate and harder to match. This is the key to building an engaged, loyal customer for life.

THRIVING IN AN EXPERIENCE ECONOMY

Stage experiences to engage customers

As services become commoditised, businesses can differentiate themselves by ‘staging’ experiences. Research suggests that the vast majority of people are more likely to mentally revisit an experience (such as bungee-jumping) than they are to think back on a material purchase. Commodities are fungible, goods tangible, services intangible, and experiences memorable. The more senses an experience engages, the more effective and memorable it is. Apple, for instance, launched its ‘Today at Apple’ learning programme to expose customers to new experiences in music, art, design and photography, broadening their perspectives while allowing them to see what Apple products are capable of. Similarly, Nike created ‘Niketown’ stores – purely for the experience, not selling – with activity centres for sports and fitness fans to test products in real sport play before buying. The Art Institute of Chicago built a full-scale room, replicated from a van Gogh painting, in a historic downtown Chicago building, that people could rent through Airbnb for a truly immersive, one-of-a-kind experience.

FROM AIDA TO SNAKES AND LADDERS

In conversation with Suman Srivastava, Founder & Innovation Artist, Marketing Unplugged

Consumer behaviour has changed dramatically in the last decade. No longer do purchases follow a fixed pattern. Instead, today's consumers are often irregular and non-linear in their shopping, and are often guided by emotion. In order to secure the most leverage for their products, marketers must understand this shift and adapt to the changing reality. They must also realise that the AIDA (attention, interest, desire and action) model of the customer journey is becoming irrelevant, and find innovative ways to reach the consumer. The product itself need not be the selling point – rather, it is the *story* that is weaved around it that will have the greatest appeal. This is a lesson that Suman Srivastava, founder and Innovation Artist at Marketing Unplugged, has understood well in his nearly three-decade-long journey as a marketing professional. Mr Srivastava shared his views on how marketers can effectively create lasting brands through the power of out-of-the-box thinking.

HOW CONSUMER BEHAVIOUR HAS CHANGED...

The customer journey is like a game of snakes and ladders

Consumers are far savvier now than they were when concepts such as AIDA were invented. Today, they can easily predict most of the 'moves' that a marketer might try; they no longer have much brand loyalty; and brand differentiation is no longer about the product. Marketers have to think of the customer journey as a game of snakes and ladders. It is their role to strengthen the 'ladders' and remove the 'snakes', all using a string of marketing interventions at different points along the customer's journey.

...AND HOW TO WORK WITH THESE CHANGES

Marketers should work with system 1 of the consumer brain, including by building rituals around the brand

Build rituals around the brand

Often, consumers do not think 'rationally' or 'logically' when making buying decisions. Psychologist and Nobel Winner Daniel Kahneman famously talked about the two parts of the brain – System 1, which is fast, unconscious and error-prone; and System 2, which is the logical, thinking side of the brain. Marketers should try to appeal more to the System 1 within their consumers' minds, than to System 2. To achieve this, they should seek to build rituals around the brand, which are often very effective at reaching out to System 1. A good example is the ritual around drinking tequila as a means of celebration. So strongly has Hollywood popularised this idea that today, no celebration is complete without drinking shots of tequila, accompanied by lemon and salt. Similarly, when Oreo entered the already-crowded Indian biscuits market, it built a ritual around dunking the cookies in milk before eating them. This was an alien concept to India, but Oreo managed to change the game and emerge as a leader in its category.

Sell issues and emotions, not the product itself

Go beyond the brand

Companies that create successful brands – Infosys, Intel, Apple – tend to continuously innovate. What is common to these three brands is that they sell issues and emotions that often have nothing to do with the product. In its initial days, Infosys, for instance, would talk frequently about India in its brand communication. By taking a similar approach, Havells has been able to generate sales worth Rs 5,000-

MARKETING ROIs: BUILDING THE CASE FOR MARKETING SPENDS

In conversation with members of IMA's India CMO Forum

Measuring the return on marketing spends is a perennial challenge for CMOs. From advertising expenses and celebrity endorsements to bundled price offers and cross-promotions, nearly every marketing activity involves a leap of faith. The advent of digital marketing has, on the face of it, brought greater rigour in terms of measurable metrics, but even here, the effectiveness of certain spends can be dubious. How are CMOs dealing with this challenge? What are the mistakes to avoid? How do they build a convincing and authentic case to justify budgets and strategic initiatives? A freewheeling discussion among IMA's CMO Forum members brought out a number of learnings, practices and insights for onward implementation.

ASSESSING MARKETING ROI: KEY MISTAKES TO AVOID

Overemphasising lead generation

New leads should meet the criteria of customers' intent to purchase

While new leads are a good outcome of marketing spends, they do not guarantee incremental sales. Many marketers do not know how to properly nurture customer needs. Companies should look beyond plain lead generation and focus on assessing a prospect's 'propensity to buy.' To that end, several of the analytical tools available in the market can help gather intelligence on and predict consumers' intent to purchase.

Companies should experiment in order to find the right marketing channels

Going after popular platforms

Many companies fall into the trap of advertising on popular and expensive platforms such as TV, only to realise the ineffectiveness of such spends in relation to their target audience. The consumer journey is becoming increasingly complex, often stretching across multiple channels. Thus, a better approach is to launch multiple small-scale, low-cost campaigns across different platforms, and increase spends on those that prove to be more effective. Pentax, a developer of imaging and GPS systems, pulled out of Intergeo – the world's largest event in the field of geo information and land management. Instead, it focused on conducting roadshows and developing customer experience centres. This was not only more impactful but also more cost effective.

Marketing ROIs should go beyond incremental sales and consider long-term brand value creation

Focusing on immediate returns

It is a mistake to link marketing ROIs to incremental short-term sales while underestimating the long-term benefits to brand value. Beyond the immediate returns, marketing builds lasting value and drives future profits. In addition to hard metrics, marketers should also report 'proxy' measurements such as brand awareness, 'likes' and knowledge, all of which demonstrate how marketing spends are helping customers move along the decision journey.

Marketing KPIs should drive actionable insights

Seeking perfection

Marketers have vast amounts of data to analyse. This makes it hard to track the correct marketing elements and explain how they impact the metrics. The aim should be not so much to find the 'perfect' marketing KPIs, but to generate actionable marketing insights that