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inside your mind.

Imagine

Where is the innovation in marketing today?

Ann Lewnes: In Adobe's humble opinion, it's all about the web. The reason is, you can be incredibly innovative on the web, but you can also be incredibly precise. The web is at the intersection of art and science.

We just recently introduced a campaign where we put a little lever in our banner ads that the user has to move to see the full experience. We did that because we have decided that getting the customer to interact with the communication is the best way to get a response. On the web, we can measure everything and make changes as we go. It's a constant innovation cycle because we're constantly building on our work.

Todd Peters: There's a great unfolding of social networking and the true implementation of the web and interactivity at levels we haven't experienced before. Search is also a great opportunity and tool for us.

Marketers need to begin to look at the opportunities differently and not try to stack everything against 30-second TV commercials and traditional direct mail. We have to be much more flexible. But it's equally important to proceed

with some trepidation, and make sure we're not rushing into new opportunities that really offer little of substance.

Mats Rönne: The innovation in marketing today is inside our heads. Innovation really starts with the way you think and approach the issues and the questions. Innovation has to lie within the minds of the clients and consultancies that work in marketing.

At Electrolux, there are two kinds of innovations: one is realizing the different roles that products play for consumers today. We're

Watts Wacker: I think the biggest innovations are coming from the out-of-home industry. I'd encourage any marketer to go to the show that the out-of-home industry does at the Javits Center each year. If you want to innovate, you have to find sources of inspiration, and that's a good place to find inspiration.

For example, I loved the campaign where Starbucks put high-powered magnets in the bottoms of their coffee cups and left them on the tops of people's cars. It doesn't mean you should do something like

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moving to a much more emotional discussion about the role that appliances play in the home.

The second change is thinking more deeply about how consumers behave in the purchase decision and understanding the different types of purchases that are relevant for a product. We need to understand the consumer's frame of reference and respond to that with different kinds of communications.

that, but you should look at it as a source of inspiration and bring it back to what you might do.

Rodney Mason: Innovation today is anywhere you can build trust with customers. Consumers now have the ability to access information quickly and go to their most trusted friends very quickly. The two best ways to build trust are on the web, particularly social networking, and in the experiential space.

A ROUNDTABLE FEATURING

Ann Lewnes
Adobe

Todd Peters
Staples

Mats Rönne
Electrolux

Watts Wacker
First Matter

Rodney Mason
Hawkeye

We did a program with Justin Timberlake for Samsung to launch an MP3 phone. We reached out to his fans on his MySpace and fan-club sites by offering free ringtones. We also got Justin out to Best Buy stores, nightclubs, and put him on the radio to talk about his upcoming album as well as the new Samsung phone. We used no conventional advertising. All of this made young adults more trusting of the MP3 phone and made it a huge hit.

Can consumer research hinder innovation?

Lewnes: I don't think so. I'm a huge proponent of research. If it's used correctly it can be quite the opposite. It helps you gain tremendous insight into your customer. It helps you confirm hunches and validate concepts.

I don't think you should use research to decide what to do because you should have a sense of what direction you want to go in from the outset. Then you can use the research for validation and confirmation and for gaining additional insights.

Peters: Consumer research needs to be used appropriately in your decision-making process. Before I was with Staples, I worked at Intel for almost seven years. The problem was that it was very hard for research to accurately describe a new technology so that people could react to it in a meaningful way.

A classic example of that was ATMs. People said they didn't think there was any reason they'd ever use an ATM. They said they had checks and credit cards and

would never need a machine. They said it sounded dangerous. So, research can hinder innovation if you use it inappropriately.

Rönne: If you think you can expect the consumer to be the expert on future directions, then, of course, it could be a hindrance. If, instead, you use consumer research to identify the issues and the challenges and the triggers, then, of course, it can stimulate innovation. The answer really lies in the way you use the tools and the type of research you do and when you use research.

Our experience has been that you need to use multiple research techniques in parallel. You need to balance your approach and look at different ways of exploring consumer behaviors so they can support each other, rather than having one set technology or one set technique. It also depends on

Oftentimes, we're not measuring what we should be. For example, if you're doing segmentation research in a category with a tremendous number of *aficiandos* in it, you're missing that your biggest opportunity may be with non-users. Sometimes people become too engrossed in their existing targets and don't allow themselves to see outside the boundaries of that.

Mason: The rate of speed that consumers now gather information and can go to their trusted resources—particularly because of social networking—is at least a hundred to a thousand times faster than it was two years ago. Particularly for a 30-and-under audience, about one-third does not make a decision without consulting their social network. And they are also the influencers, so they influence everybody else.

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TODD PETERS

whether you're considering an upgrade on the product or a new way of thinking about a category.

Wacker: Most research is done to prove someone's point of view—not to gain insight. Most research protocols take a past-tense approach, and people are now living in a future-tense environment. I totally disregard focus groups. People who do focus groups and think they are being innovative are smoking their own Kool-Aid.

So, if you're doing ethnographic research and some form of real-time dialog with customers, you're in a good place. What you have to be careful of is going into focus groups and testing, testing and testing—because six months later after you've done all that testing, everything's changed. You just have to be careful and not overdo the testing because of the speed of the market.

Are you exploring sensory branding?

Lewnes: I did quite a lot of work on sensory branding while I was at Intel, working on the original sound on the “Intel Inside” brand.

At Adobe, we have launched a motion-sensored interactive display at two Virgin Megastores — one in Union Square in New York and one in London — in their street-side windows. Basically, it’s right there in their huge window. The way that you get the full experience is by walking all the way past it.

People on the street would walk from left to right and they would see that they were triggering this incredible experience. So people started walking back and forth and back and forth. We have some of this on video and it’s hilarious.

Peters: At Staples, we’re aware of the sensory branding practices and where it works really well for hotels. It is being used in retail by some of the higher-end and more fashionable retailers. However, in office products, we haven’t really dabbled in the scent of ink or freshly sharpened pencils at Staples.

I do think there’s something there; it’s not to say that we wouldn’t explore it at Staples. But because we have 1,500 stores, we have to think in terms of scalability and the predictability of what we would actually get out of the sensory branding opportunity.

Rönne: It all depends on how you define sensory branding. We certainly are exploring all the ways that consumers can interact with our products. There’s certainly a

difference between being part of a cooking class and working with a chef than just looking at the cookery at the retailer.

The biggest part of sensory tends to be the smell and sound around the product. That nice smell of freshly cooked food or of fresh linens is often hard to do at retail. But we’re looking at events and demonstrations that we could do together with retailers to make our brands stand out much more on the shop floor.

a thought in people’s minds and helps them let down their defense mechanisms. For example, when you stay at the Boca Raton Beach Resort and Club in Florida you smell oranges wherever you are. They pipe the orange smell in. You remember the best place you ever stayed in Florida is that hotel, and every time you smell oranges you think of that hotel.

We used sensory branding in a B-to-B campaign for Optimum Lightpath. We created a carrier-

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ANN LEWNES

Wacker: I would immediately go from “sensory” to “experiential.” Experiential marketing is underleveraged and a tremendous opportunity.

But usually it’s not nuanced, and most of what I see is pretty pedestrian. You have to take the experience and turn it into a true event.

For example, I had a meeting with a company at the Fricke Museum, and “William Turner” came in, showed us his paintings and explained impressionism. I’ll never forget that meeting. You can’t expect to be innovative if you have boring meetings!

Mason: Yes, we really believe in sensory branding. Sensory can do two things. One, it breaks through and it makes you stand out. But more important, it triggers

pigeon icon to convey that the traditional phone companies were archaic and slow. In addition to ads, we did a direct-mailing of large boxes with a realistic-looking faux pigeon inside. It brought the message to life in a really dramatic way and the closing rate was huge.

Is there potential in user-generated pricing?

Lewnes: It can be relevant in some categories like music and potentially art. Basically, eBay’s business model is user-generated pricing. At Adobe, we’re not, at this point, thinking about anything like that. But we do have tiered products because there are users at every stage.

For example, some people might want to experiment with our products first. In that case, we

offer a basic version, for free, through a partner. If you want to be able to do a little bit more, we offer an introductory, but not complete, product. And then there's the full set of tools in a professional package. We do give users options as to how to enter and experiment with our product line.

Peters: Directionally, we are trying to un-tether our brand and our businesses in favor of the customer being more involved. I don't know if you would take that necessarily to pricing.

We're trying to make the customer experience easy and make buying and shopping office products easy. So, if user-generated pricing fulfilled that value proposition, then that would be something we would want to explore.

Rönne: There are two issues around this. One is, what is the cost of the product and the distribution? When you have digital content like music, you have a bit more freedom to play around with how you price your product. When you're in manufactured products,

value different things? Depending on your lifestyle and depending on your type of consumer, certain things have different value. If you can find a way to assess the true value of something to the consumer, it would certainly be an interesting opportunity to explore.

Wacker: User-generated pricing is part of the "open-source economy." One example is Amazon buying books back and re-selling them at used prices. Or, you buy a book at one airport and return it to a different airport for a rebate after you've read it.

I wrote about this in my second book, *The Visionary's Handbook*. What's the value of a hot dog at the airport when you know there's no food on the airplane? It's really about looking at value as a dynamic as opposed to something that's static.

Mason: The rock group Radiohead recently took a drastic approach to pricing by inviting fans to pay what they wanted to download their latest album. About 25 percent of everyone who downloaded the

Keeping in mind that Radiohead didn't have major distribution costs, it appears they made more through direct sales than they would have via a traditional record label. They also got more attention and listeners from the free downloads than they would have from radio stations. If and when they decide to tour, they will be doing so to a larger audience as a result and be in a good position to sell them other items. I think it will pay off for them.

If you could collaborate with another brand, which one would it be and why?

Lewnes: Adobe's business is about enabling engaging experiences, so we are in constant collaboration mode. We offer some of our products in partnership with YouTube, Photobucket and MTV. They use our technology to enable their customers to create basic videos, for example.

We have lots of other partnerships of that type, where our technology is essentially enabling an experience either on a website or in some other application. Because we create these enabling technologies, we are always collaborating with partners.

Peters: Google is a brand I would consider a strong potential partner. They have a fascinating business model that is very interested in generating business with small-business customers. I'm just brainstorming here. We have small-business customers, a database of small-business customers, relationships with

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WATTS WACKER

you still have labor costs and material costs, so there is a hard cost of the product.

At the same time, there are certain things that allow you to price differently. How do consumers

album paid something for the music, while the rest downloaded it and listened for free. We can assume that everyone who downloaded the music liked it or wouldn't have bothered.

them and retail stores — most of which Google, at this point, does not have.

HP is a great company to collaborate with. They're one of our more famous vendors and we think their print campaign is really strong. We're also really

in the world. Google is a bank unregulated by any securities and exchange commission in the world. No one's been able to figure out what Google is yet, and that's the magic of the brand.

If I were head of marketing for Procter & Gamble, I would go and

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RODNEY MASON

excited about our partnership with Dell. That's the result of a long conversation with them, and a very powerful combination of the Dell and Staples brands.

Rönne: There are some brands that are in related products to Electrolux that we think are interesting, such as Oxo and Eva Solo. They are also kitchen accessories that display an understanding of consumer behavior and transform that insight into very good functional and emotional design.

Brands in the food category — whether a retailer or a manufacturer — could add a little bit more to the Electrolux experience. U.S. examples could be Trader Joe's or Whole Foods. That might involve the integration of our products with theirs to take care of the food, store it or cook it.

Wacker: Google — because Google operates outside the bounds of law. Google is a telephone company that's unregulated by any communications commission

visit Google just to be inspired. Then I'd start creating whatever it is I could do with them. I would be willing to bet that their software intelligence systems would allow you to get — literally — 99 percent precision on a significant number of prospects for the targeting of any product. I'd want to partner with them to help me re-think my metrics.

Mason: If you look at Procter & Gamble from a lifestyle perspective, they would be an exceptionally good fit for any number of companies. Credit cards are lifestyle oriented. They offer different products for different people and different lifestyles, and they are always coming out with something new.

The gaming companies also take a lifestyle perspective. How are people living their lives? How can we bring this to a game? The hand-held people — how can we simplify their lives? These companies are drilling in the same part of the brain of the consumer as P&G and I could see them being a great fit in any of those categories. ■



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