

The Demand Cycle

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MARKETING DRIVE

The current era of consumer empowerment is a wonderful thing—if you're a consumer. From a marketer's standpoint, things have gotten exponentially more complex and challenging. Time-shifting, customization, social integration, personalization and real-time customer service are all examples of how consumers are demanding more from brands while simultaneously expecting to pay less.

Underneath this consumer empowerment is one consistent catalyst: technology. Digital innovations have trained consumers to expect exactly what they want, when they want it, how they want it, and all at the best value. Woe betide the brand that fails to deliver on the consumer's heightened expectations. They'll be punished with a scathing blog post, a negative review, a mocking hashtag and perhaps even a YouTube video about a broken guitar that receives more than 11 million views. It's safe to say that technology is the cause of all of our problems. Thankfully, it's also the solution.

The consumer's path-to-purchase, as the name suggests, has traditionally been viewed as a linear route. However, today's path-to-purchase actually is not a path, but a non-linear series of interactions that the consumer has with the brand on the way to making a purchase. Different consumers, shopping different categories, might place a higher value on the specific interactions that are most relevant to their individual needs and lives. As such, the path-to-

purchase today is more accurately described as a non-linear demand cycle.

At the center of this demand cycle is the purchase experience itself. Ultimately, as marketers, we are most interested in stimulating a purchase—but that purchase must provide a rewarding experience, enhance brand value, deliver solutions and create conditions for an ongoing connection between the brand and the consumer.

The other phases of the demand cycle include: awareness (key brand messages); engagement (shared passion points); incentive (added value); relationship (ongoing conversation); and advocacy (word-of-mouth). By understanding how consumers interact and shop different categories, we can determine how to connect with them effectively and efficiently through every phase of the demand cycle. Following are some of the best examples of how brands, agencies and technologists have addressed each phase of the demand cycle.

Awareness. While technology has made the awareness-building process infinitely more complex, it has also given us infinitely more possibilities. Among the most interesting innovations in this regard is *mobile rich-media ads*. The click-through and other engagement metrics are blowing away traditional online ads, leading giants like Google to buy leading mobile ad networks such as AdMob.

The coolest of these mobile ads are placed inside of popular apps, and can play video, provide interactivity, show maps, and do just about anything any app can do. They can be personalized based on the user's profile and preferences. The iAd platform is the best example of this emerging new form of media.

Technology re-defines the traditional path-to-purchase.

Victoria's Secret recently built a campaign using mobile rich-media. They chose Pandora as their main partner, and for good reason. Pandora is one of the top three most downloaded apps from the Apple app store and consistently ranks among the top five most-used apps in the BlackBerry and Android stores, according to Nielsen.

The expandable ads promote the company's new push-up plunge bra. While a user who fits their demographic is listening to Pandora, their ad teases the user to "tap to expand." The iAd expands over the phone and provides the provocative message of "Say Hello to Our Flirty New Push-up Plunge Bra." The user is then directed to a mobile-optimized page where they can learn more about the product, shop, and find a store near them.

What's so interesting about this type of awareness builder is how targeted and personalized it can be when it combines the personalization of someone's phone features (touch, video, voice, calendar, GPS, etc.) and highly targeted profile segmentation data from media partners like Pandora.

Engagement. Finding that connecting point where the brand's values and equities mirror the consumers' interests and passions is vital. The key is that the connection is authentic to the brand and delivered organically. However, "creating engagement" is one of the most frustrating issues facing marketers because of the ubiquity of engaging activities anyone can turn on at any time. The level of sophistication required to engage audiences is now at such a high bar, it sometimes feels as though you need to create the next iPad or Angry Birds in order to roll out your next quarterly campaign. That same sophistication, however, can also be turned to your benefit.

Take one technology that is now coming into its own: *augmented reality*. Just an oddity a few years back, augmented reality is now creeping into digital marketing in new and powerful ways. Macy's recently brought "new school" and "old school" together to create a fun and engaging promotion as part of its *Believe* campaign, an annual national holiday effort to support the Make-A-Wish Foundation.

Macy's created a computer-generated reality using its well-known animated holiday characters, letting shoppers enter a virtual world both in the store and at home on their PC. When users point their printed

marker at the computer webcam, they get to pose for a picture with the characters. In other words, consumers got to step into a complete brand reality. They then are able to send their photo as a holiday postcard, which spreads not only joy but their brand message and promotion, as well. Augmented reality might be the most immersive marketing tactic we have at our disposal to engage an audience in a brand reality.

Incentive. Beyond mere discounts, sometimes a brand needs to provide a little additional incentive to get a consumer to try its product. This added value can take many forms—everything from discounts to donations to rewards.

Meanwhile, expectations of getting something for free, especially in a digital context, are sky high. Studies have confirmed that getting a coupon, discount, or a freebie is the number-one reason users join brand pages on Facebook, for instance. But if you just give things away all the time, you cheapen your brand and create false loyalty.

Technology to the rescue! Meet *location-based offers*. By letting a mobile user tell us where they are, we can send them localized, also called "hyper-local" deals and offers. This emerging trend is having amazing results. Local-based targeting grew 50 percent quarter-over-quarter and made up 66 percent of all the targeted audience campaigns, according to Millennial Media, a mobile advertising network. In addition, advertisers have turned to individual post-click actions to drive these local consumers into their stores. Certain actions, like "view map," grew 27 percent, quarter-over-quarter.

Fashion retail giant Gap, along with its Old Navy and Banana Republic brands, is capitalizing on this technology. Consumers opt-in to the service at checkout with the simple invitation to receive tailored discounts and promotions via SMS. Visa is also a partner in the program, and a key to providing tailored deals and offers through the robust set of consumer insights about its members.

Then, location-based discounts and promotions are sent directly to consumers' mobile devices, which they can redeem by presenting the text message at select Gap, Banana Republic and Old Navy stores. Connecting with consumers while they are on the go, providing a personalized offer with local flavor, and directing them to a store nearby is becoming a

A 2022 Vision of Marketing

Yes, innovations like augmented reality, geo-location, motion-sensing, micro-social communities, and near-field communications are changing the way we connect brands with people in new and powerful ways. As interesting as these technologies are, what's even more interesting is the human behavior behind them, which is what is powering them in the first place.

With that in mind, we have put together a vision for the future of marketing, ten years from now. So, let's relax and go on a journey into the future.

Mary, a busy mom, is a target consumer for a variety of brands competing for her purchase. Her world is one in which the internet is interwoven within all things, making them smarter. And every brand interaction she has is a demand-cycle entry point. Let's look at a day in her life.

7:55 am. The sound of her coffee brewer activates Mary's phone to deliver customized news, weather and reminders, as well as a new flavor from a new coffee brand—"tap for a free trial."

8:56 am. Mary's car recognizes the expression on her face and delivers content based on her mood and local offers—a new low-cal breakfast item is available just ahead at a drive-thru kiosk.

11:21 am. Stepping out to pick up some trash bags (yes, we still have trash in the future), her drug store recognizes when she steps into the store and

immediately offers deals based on her profile interests. She takes advantage of a sale on eco-friendly trash bags.

11:22 am. Mary waves her phone to pay at a self-service kiosk and sees her reward points rack up on her virtual wallet. "Coming here sure is easy... and rewarding," she thinks to herself.

12:43 pm. A trip to the mall lets Mary interact with kiosks that summon augmented-reality shopping assistants to compare prices and lines of clothing between fashion retailers.

12:52 pm. At a retailer, she uses a virtual mirror to try on 20 things in two minutes with peer reviews, opting to purchase the handbag with the most positive comments.

5:37 pm. Before leaving work, she shops in a virtual grocery aisle on her tablet and picks up groceries already pre-packed at her local grocery store.

8:26 pm. Later that night, Mary's phone takes her daughter's temperature and provides medical recommendations for the condition, sponsored by a leading cough and cold brand.

8:29 pm. With one tap, she orders cold medicine, pays for it with her virtual wallet, takes advantage of a weekly special on the medicine and opts-in for future savings with that brand.

Don't believe this is the future? As Tom Selleck once famously said, "You will."

powerful combination. Some brands, like Starbucks, are also putting a time-sensitivity element into their local offers. All in all, the trend toward localization is undeniable.

Relationships. Social networks have made it easier than ever to maintain an ongoing connection between consumers and brands. However, the search for a lasting relationship sometimes feels like the search for the treasure of the Sierra Madre—an elusive but never-ending trek. With so many compelling distractions, getting a consumer to develop a real relationship with your brand is harder than ever.

Ready for some tough love? The truth is you are going to need more than just your brand (unless you are Starbucks or Coca-Cola) to cement a relationship with your consumers. And we do know consumers have very strong relationships with other things in their lives. So, we can expand our traditional way of thinking about the two-way relationships and start thinking three-way relationships.

Let's think out of the box—or out of the "Xbox." Consider the ground-breaking technology of Xbox Kinect. It's a revolutionary gaming system that lets users interact with the game via highly sensitive motion-sensing. It has a fiercely loyal audience of

more than 35 million rabid Xbox Live users and brings in powerful assets that brands can leverage, including facial recognition, depth sensation and muscle movements.

Chevy recognized the relationship that its audience had with Xbox and used it to build consumer relationships. It's the classic halo effect put into motion. Through special promotion, Kinect users could get behind the wheel of a new Chevy and experience a "virtual test drive." The key is to leverage the already existing relationships people have, and will continue to have, to start new relationships with your brand on their terms.

Advocacy. Word-of-mouth has always been the Holy Grail for marketers: the most effective and least costly form of marketing. Turning loyalists into advocates is a highly rewarding approach for many brands. Welcome to the next-generation blogosphere, incorporating Facebook, Twitter, WordPress, Blogspot and a host of other social systems unique to every user—a network of amateur key influencers who have accumulated clusters of followers and can make or break your brand.

The good news is that you can turn this complicated system of trusted information into your advantage by joining in with them.

BzzAgent is a service that combines the blog network with old-school hands-on freebies and pass-alongs. Its model is simple—reach people who fit the target demographic and psychographic who have influence within their micro-communities. Put a product in their hands and let them share the brand experience.

A recent program with Thomas' Bagel Thins tells a typical story using this tactic. The Thomas' brand knew that people who tried the new low-calorie Bagel Thins product loved the taste. They also knew that people often try new things because of recommendations from friends. So, BzzAgent put the product into the hands of 10,000 carefully screened social influencers, along with some pass-along goodies to share with their friends.

The campaign reached more than one million people via in-person and online conversations. Facebook, Twitter and blog posts—coupled with reviews on Amazon and videos on YouTube—earned coveted consumer-generated media that supported Thomas' paid and owned channels.

These grass-roots efforts generated a positive lift in sales volume, and on average, each "agent" influenced double-digit purchases. Ultimately, the brand measured a positive return on Thomas' BzzCampaign investment—not to mention the

intangible benefits of positive brand buzz, top-of-mind awareness and brand favorability scores.

Purchase. At the heart of the demand cycle, the purchase itself is becoming increasingly more complex, as well. So, why not use innovative technology to make the sale easier? Say hello to *near-field-communications*, which is a contactless technology that can connect your device with a retail cash register. Futuristic? Not really. It's already happening.

Consider Google Wallet's simple promise that users can store their credit card, bank card, and rewards cards on their phone. When they are ready to pay, their mobile device detects the near-field signal, asks permission to pay, or to access their card. With one tap, shoppers can purchase and get a receipt right on their device. Coupons, reward points, and other programs related to purchase can also be credited.

The innovation opens a host of powerful possibilities for brands. Just think what an innovative packaged-goods brand, when partnering with a retailer, could do with a campaign powered by near-field communications. Enabling transactions more quickly, with instant discounts, and saving their target audience time and money, might be the most rewarding and powerful purchase tactic yet.

These examples, among others, illustrate how digital innovations can play an increasingly effective role in helping brands provide authentic solutions to today's shoppers. We are living in a new era, with new challenges and new solutions.

The first wave of "being digital for the sake of being digital" has passed. The time has come for marketers to apply technological innovations in a more strategic manner, based upon a deep understanding of how consumers actually shop. ■



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