



Cycle Time

What's your digital third-hand strategy? Beyond the *Marketing Procedural*

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I recently presented at the Henry Stewart DAM and MOM Symposium on the topic *Long Tails Wag Big Dogs*. Below, you will find an edited transcript of one portion that I think you will find interesting.

About a year and a half ago, one of my business partners — Garry — drove his 12-year-old daughter Shannon to the store, to buy their mom Anne an iPod. As they drove down Highway 101 in Marin County, just north of San Francisco, he turned to Shannon and said, “Do you suppose Mom would like to have an MP3 player? You know, it’s got more features.”

Shannon replied, “No, Dad. She wants an iPod.”

“Well, how do you know?”

“Because dad, she’s always borrowing mine.”

He said, “What do you think about this new Microsoft Zune?”

Shannon remarked with slight exasperation, “Oh, Dad — you don’t know anything about brands!” Shannon was 12 years old.

Now to put this in context, Garry’s got a PhD. He taught at Harvard Business School. He was on a fast track to become a senior executive at Disney. He decided he didn’t like the entertainment industry. He went to work for Philips, becoming CEO of a digital media division of Philips. He’s been a serial entrepreneur. He started five companies and a couple of entertainment firms — all wildly successful. And he’s forgotten more than I will ever know about brands.

So, he turned to his 12-year-old daughter and says, “Huh! *What* don’t I know about brands?”

“Dad! Everyone knows that if you have to

advertise it, something’s wrong with it.”

Now when I shared this last October with 565 executives of the Finnish advertising federation, you could’ve heard a pin drop. In any case, Garry asked, “If you don’t like ads, how do you find out about stuff?”

She remarked, “Well, I go online. I look at some blogs. I look at some web posts and ratings. I then check with my girlfriends. If they’ve heard about it, I know it’s cool!”

Well, that means that today’s \$800bn of marketing spend, or at least the portion of it targeting teens and young adults now goes through the filter of blogs, forums and girlfriends. It doesn’t mean that Shannon and her friends do not respond to television ads. They sure do! They go into their social network and validate what’s real, what’s not and, most importantly, what’s cool.

Then Gary added as a footnote, “You know, it’s the moral obligation of every teenage daughter to have at least two annoying hobbies. Shannon’s two annoying hobbies are fencing and drumming. Now, the drumming requires that Garry goes downstairs into the media room and says, “Hey! Quiet! Knock it off!”

So one day, Garry goes downstairs and sees Shannon on her drum set. The iPod’s over here going boom-boom-boom. Through the speaker phone played guitar music.

“Whatcha doing?”

“Oh — I’m playing with my friend, Nicole.”

“Do we know Nicole from school?”

“Oh, no, Dad — she lives in Oregon!”

“How did we find Nicole?”

“Oh, I found her on the web! We’re starting a band!”

There's something really profound and disruptive in that story. You and I go to the web and log on. We do our business and we log off. And we go about our offline life.

In a very real sense, Shannon never logs off. She has completely internalized her social network extending to the web. So from instant messaging to SMS to Twitter — she's always on. She's never offline.

And unlike you and me, who have two hands, she doesn't have two hands. She has three. I suspect if you're 30 years old today, you also have a digital third hand.

The third one is all digital with two thumbs.

So, most marketers must now ask, "What's our digital third-hand strategy? How are we going to engage the Shannons of the world? How are we going to market to her?"

Shannon's not sitting around waiting for you to market to her. She's out there Googling, searching, interacting and socializing with other digital third-handed friends.

This idea of self-directed online consumers invites a deeper examination of how marketing and promotional programs must evolve. In particular, I want to address the demise of what I call the *Marketing Procedural*.

Think about a big promotional launch or seasonal campaign. An awful lot of advertising and promotion starts with what we might call the big idea, the pivotal insight or breakthrough concept.

For example, the food company that owns the *Jimmy Dean* brand of sausages also markets a line of prepackaged salads. Ever on the hunt for revenues and margin, they investigated various options to reconfigure or enhance their prepackaged salads. Their consumer insights group, you know, what we used to call market research, found that most consumers did not consider the salads offered as lunch or a meal; rather, consumers considered these salads more of a side dish or snack and would only pay so much money for that side dish or snack. Now, that's a good observation. The big insight, however, came when they found out what was missing to make it into a meal, say lunch, and being willing to pay a price comparable to a sandwich at Subway. Consumers said that if these salads had a sufficient amount of meat, such as turkey, ham or salami, that they could and would consider it a meal. Thus, "meat makes

it meal" became the big insight that they used to transform the prepackaged salad category, boosting sales and earning an even better net margin.

So a pivotal insight can make a huge difference.

Before you could transform a big insight into sales, you, however, take into account a strategic formulation wherein you validate an offering with trade partners, confirm the price point, and ensure that you have a supply chain and factory capacity — all that kind of stuff.

Then you put together a marketing brief, iterate on packaging concepts and set a launch date. You put together a series of creative and media briefs, tailoring each one to a particular marketing partner, agency, trade promotions group, etc. Then a whole lot of people get busy and four months later you have all this content created, locked and loaded for a D-day launch.

When we stand back and take a look at this insight–strategy–execution–revenue process, we see a structure: what I call a *Marketing Procedural* that spans 4–14 months.

What's the problem here? Well, in one sense, nothing; it's the standard operating procedure, a fact of life, for most marketing and creative professionals.

In the digital world, where digital self-services and interaction comprise a significant portion of the customer's experience of value, the *Marketing Procedural* implodes. The reality of digital markets and the *Marketing Procedural* conflicts with each other.

The problem? Shannon already engaged you in June; you won't have anything ready until October. She heard about a cool new thing from a friend. She knows that it will come out in October. She's, however, not waiting for this procedural to execute.

While I may have pushed the example of prepackaged meals a bit too far — I mean — who really cares all that much and would take the time to find out about it online — I do think it applies to thousands of product or service categories, from cars to computers to pharmaceuticals and consumer electronics as well as all types of industrial or original equipment manufacturer goods.

I have found that many forward-looking CMOs now ask, "What's our engagement strategy for the Shannons (with digital third hands and a desire to

engage) in our market? What can we offer now that will both satisfy an existing interest and create new ones?" If you will excuse the metaphor, "What kind of strip tease would our curious and engaged consumers find interesting, humorous, enigmatic and buzz-worthy?"

Now in the high-tech industry, we call it the soft launch. When you factor in the need for weekly or daily events and Webisodes, however,

it entails a whole different planning and management problem.

Therein lies the challenge for DAM and Marketing Operations: how do we orchestrate the marketing process across a large, evolving marketing ecosystem.

In my next column, we will address operational strategies for a marketing ecosystem. Fun!