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LONG-TERM SUCCESS VS. SHORT-TERM GRATIFICATION: A STUDY OF TWO COMPANIES

Why Consumers, Not Advertisers, Control the Who, What, Where and When of Engagement

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Much has been made of smartphone-toting consumers "showrooming" at local stores -- that is, using an app to scan barcodes at local retailers and then making their final purchase online at a cheaper price.

Like it or not, consumers will practice "showrooming" even without the assistance and encouragement of apps. Why? Because they can. Because leading companies train them how to. And because the choice of products and merchants, and information about those choices, is nearly endless.

So far, the marketing fact of the 21st century is that consumers, not advertisers, control the who, what, where and when of engagement. Rather than grieve for lost power, it's time to cast our nets more strategically. Instead of relying on the temporary high of price-centric promotions, brands ought to adopt a customer-centric approach that solves for the greatest customer value, present and future.

To illustrate, let me share a tale of two companies. Both are large, successful retail firms. Both have smart leadership, but this year they are going in two very different directions.

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The first makes news for securing two spots in February's Super Bowl and signing a semi-famous Hollywood director to develop the project. Though nothing has been scripted or shot, social-media sites are already buzzing.

The second is embracing a customer-centric approach to its overall Christmas campaign. Deploying new measurement tools, it has begun calculating and assigning values to all its customers over the long term, based upon predicted spending, propensity to return and overall influence.

The company has also reconfigured its ad budget to invest proportionally in its most valuable relationships. Rather than rely solely on an ad seller's promise that "I can reach your audience," the revised plan aggressively leverages the company's own, far superior customer insight for the entire media plan.

The first begins filming its spots in Mykonos -- on the same beach used for the last Sports Illustrated swimsuit shoot. That provides for more social buzz. But, with Christmas just around the corner, budgets tight and the focus on the Super Bowl, its channel marketers decide to just repurpose past campaigns. Planning is disjointed and takes place on a channel-by-channel basis because there's no way to get credit for what happens in another channel let alone get extra credit for nurturing another unit's high-value relationship.

The second is already thinking beyond Christmas, building capabilities that recognize and monitor customer value and facilitate data-driven consumer decision-making. Its evolving culture now embraces testing, learning and achieving speedy ad production.

To build anticipation, **the first** airs sneak previews of its coming Super Bowl spots in mid-November. With fingers crossed, the company's execs hope to drive Christmas shoppers to its website and stores.

The second has already benefited from its always-on connected insight model. It has found unexpected opportunity in its young-professionals segment -- especially recent loyalty signups in 37 of its 105 trade areas -- and has redirected spending there. These young professionals express a strong connection to the brand and the way it makes them feel, over the lure of a low price.

The end of the fiscal year arrives. **The first** sees a small positive blip in its Christmas earnings, which are expected to "fall in line with last year's results," its CEO says. "Not our best bottom-line, but then again, who's really hitting home runs with these economic pressures? Let's see those two Super Bowl ads again, shall we? I tell you, these spots are going to have "em breaking down our doors."

The second records same-store-sales 5 percentage points higher than the category average, while its loyalty program nearly triples enrollment and usage. "It was our best Christmas ever," announces the CEO in the annual report. "And spring is already off to a great start. We've had a series of remarkable home runs despite the economic pressures. We hope our customers are enjoying the changes as much as we do. We sure appreciate their business and are here whenever they need us."

It was the worst of times. It was the best of times. Which is your story?

ABOUT THE AUTHOR
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