

AMA 2012 White Paper:

# The Consumer in 2020

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A roundtable  
perspective from  
leaders of the  
Atlanta Chapter  
of the American  
Marketing Association

*March 2012*

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In February of 2012, the Atlanta chapter of the American Marketing Association (AMA)\* convened its Executive Advisory Board (EAB) for a roundtable discussion. The questions on the table for these top marketing executives were: how will consumers be different in 2020? What will they want? How will they relate to brands? And how can marketers best prepare for the changes ahead?

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The panelists included the following AMA advisors:

**Jo Ann Herold**

VP of Brand Marketing  
Arby's Restaurant Group  
President, AMA Atlanta

**Ashley Schoenith**

Director, Engagement & Social Media  
Guest Relations Marketing  
President-Elect, AMA Atlanta

**Elizabeth Levy Ward**

Principal  
Thought Partners Consulting  
Programming Chair, AMA Atlanta

**Maira Vetter**

CEO  
Modo Modo Agency  
Past-President, AMA Atlanta

**Henna Inam**

CEO  
Transformational Leadership, Inc.

**Karstin Bodell**

VP Marketing  
General Business Enterprise  
IBM North America

**Tim Palmer**

VP Marketing  
Consumer & Commercial Marketing  
Center  
Eastman Kodak

**Dan Vargas**

President and CEO  
Vargas & Amigos

**Ken Bernhardt**

Regents' Professor  
J. Mack Robinson College of Business  
Georgia State University

**Taylor E. Little**

Jr. Professor of Marketing  
J. Mack Robinson College of Business  
Georgia State University

**Julie Bowerman**

Group Director of Digital Platforms  
The Coca-Cola Company

**Jon Bridges**

Vice President, Customer Experience  
Chick-fil-A

**Elizabeth Clubb**

Vice President  
Venadar

**Daryl Evans**

Vice President  
Consumer Advertising  
AT&T

**Heather Foster**

Vice President of Marketing  
ControlScan

**Michael Kogon**

CEO  
Definition6

**Joe Rooney**

SVP, Branding, Advertising & Social  
Media  
Cox Communications

**J. Walker Smith**

Chairman  
The Futures Company

**Bob Van Rossum**

President  
MarketPro

## Three themes ran through the ninety-minute discussion:

- A. One of you will be the winner and one of you will be out.
- B. Assisted living through technology.
- C. Jack be nimble.

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## Theme I: “One of you will be the winner and one of you will be out...”

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It's Project Runway: the consumer is Heidi Klum, brands are the contestants and the stakes are high. “It's kind of a reverse segmentation”, said Karstin Bodell, Vice President of General Business Marketing for IBM. “No longer are brands segmenting consumers, now consumers are segmenting their brands.”

As consumers become more intensely involved with brands, they are becoming more judgmental, said our panel, and more vocal about their feelings. And their judgments can run to extremes. A recent article in Advertising Age noted:

“Millions of people will, of their own volition, announce to the world their affection for a brand...Type ‘I love Apple’ into your Google search bar. You will get 3.27 millions hits...if you were to type in ‘I hate Exxon’, you’d get 2.16 millions hits, not counting the ‘I hate Exxon Mobil’ Facebook page.” (*Advertising Age* January 2, 2012)

The stakes are high for marketers, says Joe Rooney, Senior Vice President, Branding, Advertising & Social Media at Cox Communications. “The average Facebook user has 140-150 friends but only likes about 10 brands. People who like Cox have lower churn rates and higher revenues.”

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## How do you become one of the ten brands that consumers love and will engage with?

Here's what our panel believes consumers would say:

### 1. Know me—listen to me, watch me

(But be careful how you use what you learn! – see the Target story below). Consumers expect brands to know more about them. “In particular”, says Joe Rooney, “consumers expect you to know how they define value – whether it's price, product features or just having a likeable brand.”

### 2. Act like you know me – respond in a personalized way

Jon Bridges, Vice President of Customer Experience at Chick-fil-A, talks about how Chick-fil-A will go from having 15 regional menus to 10 million, each personalized for the specific customer, based on their preferences. “We don't view our customer base in big chunks anymore”, he said. “We can overlay customer demos with their usage and referral behavior to understand their true value. The ways we market to them will change. As for the experience, we will allow customers to pre-order and pre-pay for their food, so that when they drive up, their food is ready and they're greeted by name.”

### 3. Let me get to know the real you

As Jo Ann Herold, Vice President of Brand Marketing for Arby's, put it, "When consumers love a brand, they want the inside scoop. It is essential for brands to share what is important to them and their consumers—and how it is impacting their business direction, their strategies and their mission. Brand devotees want to be the first to know," said Herold.

### 4. Build my sense of trust in you – as a brand, tell the truth, be who you say you are, walk the talk

Investing in building trust is the new price of customer loyalty. Karstin Bodell shared a study done by the IBM Institute for Business Value—a survey of more than 28,000 consumers from around the world. The study showed that a brand's ability to build trust "...will determine whether they benefit from a base of loyal advocates or are left to fend with transient and fickle customers." (Source: *Winning Over the Empowered Consumer*, IBM Institute for Business Value).

## Build trust from the inside out

The paragons of trustworthiness, says Jon Bridges, are the brands with a higher purpose. He cites Patagonia, Tom's Shoes, Trader Joe's, Warby Parker eyeglasses, and Zappos as some of Chick-fil-A's role models. "These organizations are not greedy, and they take care of the environment, their people, and their communities. Companies have to have a good ethos, and they need to be it, really be it, not just preach it."

## Don't try to fake it or hide

Consumers aren't the only ones without privacy anymore. "Pay no attention to that man behind the curtain!" didn't work on Dorothy—and it won't work for corporations speaking to consumers today. Consumers are more savvy and less trusting. They are less willing to forgive a brand's mistakes, they are better equipped (through the web and social media) to uncover and expose those mistakes, and more motivated to do so as they discover their new-found leverage.

Perceptions of the company behind the brand now affect purchase decisions. A recent study showed that when consumers learn that a product or service they like is made by a company they do not like, they are twice as likely to stop buying the product as to continue buying it. (Source: *In a New Era for Marketing, Parental Discretion Advised* by Leslie Gaines-Ross, Chief Reputation Strategist, Weber Shandwick.) Transparency is the new black.

## 5. Earn my loyalty by showing yours

Part of 'reverse segmentation' is turning the tables on loyalty. J. Walker Smith, Chairman of the Futures Company, talks in his presentations on 'The Kinship Economy' about how brands need to learn what it means to show loyalty to their customers. (Our panelists in business-to-business marketing say this is particularly important in their arena). Smith talks about "altruism - making sacrifices, bending over backwards, offering special privileges, and taking service to a new level" as ways of showing the consumer that your brand deserves to be in their inner circle. The IBM study came to the same conclusion: "The imperative now is for (brands) to re-orient the relationship and learn what it means to be loyal to their customers." (Source: Winning Over the Empowered Consumer, IBM Institute for Business Value)

### Know me, act like you know me – but be careful how you tell me what you know

Target made news in 2011 for being too good at knowing its customers and showing it. They mined their customer data to identify which of their customers was displaying the buying patterns of pregnant women (pregnant women are a plum target for a variety of reasons). Their targeted mailings to (probably) pregnant women hit pay dirt, but also dirty laundry. An enraged father complained to Target about the coupons for prenatal vitamins and baby clothes being sent to his teenage daughter, only to apologize to Target later when he found out that his teenager actually was pregnant. No one wants to get the news that his/her teenage daughter is pregnant—especially not from Target.

As on Project Runway, the judges (your consumers) are highly demanding, even harsh at times. The pressure can be intense, and the stakes high. But those brands that can understand and surpass expectations will be big winners.

## Theme II: Assisted living (and marketing) through technology

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“We are seeing an unparalleled adoption of technology”, said Ralph Vega, President and CEO of AT&T Mobility and Consumer Markets, speaking at the 2012 MAX Awards. Consumers are embracing new technology, particularly because companies like Apple have made technology easier to use, said Vega; and social media is expediting awareness and adoption.

The fast pace of technology development makes it hard to predict what's next. As Daryl Evans, Vice President of Consumer Advertising at AT&T pointed out, “100 weeks ago, iPads didn't exist. What will exist in the next 100 weeks? By 2020, apps will be viewed as old-fashioned. Everything will be up in the cloud. We won't be carrying credit cards. You'll be able to do anything from any device with a screen.” (Maybe you won't even need a screen.)

“Everything is going to be wireless,” predicts Joe Rooney. “You won't be tethered when you're connected.” Data backs up what Rooney says.

- Between 2010 and 2015, the global installed base of smartphones will increase at a compound annual growth rate (CAGR) of 33 percent. The tablet market will move even faster, achieving a CAGR of 81 percent during the same period.” (*Yankee Group Research, Inc.*)
- By 2015, more U.S. Internet users will access the Internet through mobile devices than through PCs. (*IDC Worldwide New Media Market Model*)

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### Where is ‘Here’?

The explosion of Internet-enabled mobile devices and the growth of cloud technology is, as Joe Rooney said, “untethering our lives from physical reality—and geographic limitations. All your devices can be synched via the cloud, making ‘where you are’ irrelevant.” As Daryl Evans, put it, “Where is here? We are all multi-tasking, and we're ‘here’ but not here.”

‘Together’ is another concept that has been changed by technology, and made divorceable from geographic location. As Michael Kogon, CEO of Definition6, put it, “Proximity and intimacy are not related. I can wink at my wife across the planet and read my kid a story from anywhere.”

Ralph Vega talked about “digital intimacy” and “digital kinship” to describe how technology can close the distance of many miles and to make physical proximity less relevant.

As marketers, we need to alter our constructs of “reaching consumers” and find the opportunities to create a sense of intimacy and togetherness with consumers anywhere they are, near or far from your product, your stores or your sales people.

## **‘Only connect! ... Live in fragments no longer.’**

Author E.M. Forster's line takes on new meaning as marketers try to make the consumer's experience with their brands more seamless and less fragmented across different points of contact and different devices- whether it's an encounter with sales person or a visit to the website or ads on your smartphone.

Julie Bowerman, Group Director of Digital Platforms at The Coca-Cola Company, says that “content is the key to connecting the dots—a way to create a narrative that integrates each part of the customer experience, and leads the consumer down the path to purchase.” As Bowerman said, “Coke creates content that inspires consumers to share and continue the story.”

Content is also the key to participating in the consumer's narrative. “The holy grail,” says IBM's Karstin Bodell, “will be the right content, that's on brand, in the right vehicle, relevant to the audience, with the appropriate timing that reflects what the consumer is trying to get done in that moment so that they can take meaningful action.” Bodell cites Delta Airlines' Delta Assist on Twitter that helps travellers solve their immediate travel issues on the spot. Or Hospital Corporation of America's real-time feeds on social media outlets, digital billboards, and text messages to inform people about wait times in local emergency rooms. Those with non-life-threatening issues could better determine when to go to the emergency room, thereby saving them hours of wait time.

Arby's also works their brand into their consumer's narrative. “We're trying to get Arby's in the conversation, and one place we do this is social media,” says Jo Ann Herold. “We keep up activity across Facebook, Twitter and Foursquare, refreshing content daily and responding to customer questions and complaints quickly. We don't post and forget. We make sure our content weaves well into their conversations. So, when consumers notice the quality of our messaging and our level of engagement, they appreciate it by retweeting us and sharing. And when consumers develop a habit of interacting with us, that ultimately leads to trial and repeat business for us.”

If brands are trying to create a connected story from one brand interaction to another, device manufacturers are working on a parallel path. Manufacturers are trying to create a seamless transition from one device to the next, as users continue tasks like email, reading a book, watching a movie, toggling between their tablets, e-readers, desktops and smart phones. Apple is working on creating the same interface for iPhone, iPads, laptops and desktops, so that device switching doesn't call attention to itself, and consumers become less aware of ‘using technology.’

Whether the brand leads or follows the consumer, technology should (and can) enable this

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## **Technology will come to know you better than you know yourself**

Amazon Eyes, Netflix recommendations engine, Siri, Kinect – these are all technologies that come to ‘know you’ – they learn your preferences or recognize your speech or gestures. New smart pill bottles will tell you (and your doctor) if you took today's dose. New biometric devices will tell you how sleepy you are, and how capable you are of driving that bus, flying that plane or doing that next open heart surgery. Packaging will be able to record how much you consume and when you're going to run out.

Joe Rooney remarked that the most interesting thing he's seen in all the years he's been going to CES was the Kinect technology people talking to TV and box manufacturers, Direct TV and cable companies. "Combine that with Siri and the Netflix recommendation engine, and pretty soon your computer knows you, your TV knows you. It's kind of like Minority Report is coming true."

Jon Bridges talked about how technology will help you skip steps in the process, like not having to know the song you want to buy, because Sound Hound will listen for you, find it, play it for you and buy the song. Your smart phones will read the QR codes, so it'll be 'point, know, buy'. And now, Google Goggles will give you the 411 on everything within view. As Jon put it, "new technology will help you interpret reality. And give 'assisted living' new meaning."

These innovations present both an opportunity and challenge for marketers. Marketers need to be responsible custodians of their technology-generated new knowledge. They will be in a position to be significantly more helpful to consumers and also at risk of being significantly more offensive. They will have to exercise good conscience in determining whether or not their use of intimate knowledge about consumers is being used to benefit the consumer, or just to profit from them. To make it more complicated, every individual consumer will have a different set of preferences, a different place they draw the line between helpful and creepy.

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## Theme III: Jack be nimble

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The near consensus of our panel (with one dissenter) is that the pace of change in the world and the market has increased, and that the pace is being driven by tech-savvy and tech-enabled consumers. Market analytics have become much more sophisticated, but, as AT&T's Daryl Evans put it, "econometric models are really accurate but not helpful—they tell you what just happened but not what's happening next."

"Technology is changing everything, and not just yearly but continually," said Heather Foster, Vice President of Marketing for ControlScan, and a past President of AMA Atlanta. "You have to quickly learn about new technology, and decide if it makes sense, and then figure out how to use it and how to interrelate with other channels (which also change in response to new ones). Just when you think you have your ducks in a row, you don't."

Michael Kogon of Definition6 has a different take, "Every generation feels the next one is moving faster. This is not new or unique. What's different now is the awareness of change. It's the speed with which we are made aware of changes that has changed. We have fly eyes now; 24-hour news cycles and Twitter have made us experience change differently."

"Take, for example, a new medical device," said Kogon. "It used to be that it took two years to get the word out about a new device once the studies and testing were completed. Now, the minute the study is done, researchers are blogging about it, and it's market-accepted before it's market-ready. Change doesn't just happen overnight, but the speed of communication can make it seem so. We're experiencing vertigo because we're going by how we feel vs. watching our instruments. We need to recalibrate."



Whether the speed of change is perception or reality, everyone on the panel agreed that marketers (we'll call them Jack) must be nimble in order to influence, predict or capitalize on what's next.

"Nimbleness has to be part of the culture," said Heather Foster. "It's whom you hire and how you reward people. Large companies can learn from start-ups, who are accustomed to continually trying new things, and adapting to change. Fundamentally, you need to know what direction your company is going in. You follow thoughtful goals but are flexible on how you get there."

From Joe Rooney's perspective, new technology is part of the solution. "We are definitely in a world of 3-D chess. People need to build up their skills. 'Marketing scientists' are going to be plentiful and there will be fewer 'pure creatives', because good data (that will come from using technology like eye-tracking) will help us deliver the right message and the right offer to the right people."

For Jon Bridges at Chick-fil-A, being nimble is a combination of listening to the customer and leading the way in innovation. "We make sure we hear the voice of the customer loud and clear," he said, "and we make sure we're being smart about innovation – learning from schools about good design, learning from small-scale tests, shooting bullets vs. cannonballs, and using disciplined processes like Stage-gate to get to market faster."

## KEY TAKEAWAYS

1. Brands will be loved or be "out". To be loved, get to know your consumers more intimately, inspire trust and demonstrate loyalty.
2. Technology creates new opportunities for "digital intimacy". Opportunities lie in creating a narrative or becoming part of your consumer's narrative.
3. Be nimble and quick! Set a clear direction, move fast, and be flexible on how you get there.

Session facilitated by  
Maira Vetter, CEO  
Modo Modo Agency.  
Written by Elizabeth Ward,  
Principal, Thought Partners  
Consulting.

Designed  
by Modo Modo Agency.



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This White Paper is part of a continued commitment that AMA Atlanta has to sharing our knowledge with the marketing community, and working to make us all better marketers.

The Atlanta Chapter of the American Marketing Association is proud to have an Executive Advisory Board of senior marketing executives who lead the world's top brands and are generous enough to share their knowledge and insights.