

INTRODUCTION

Something wonderful is about to happen.

DAVE BOWMAN, 2010

A great phase in human society appears to be drawing to a close – the Age of Image.

Some called it the society of the spectacle:¹ a time saturated by images from the new media of cinema, magazines and television. These fused with the growth of leisure, lifestyle and mass-produced goods to create a Consumer Society. It's now being challenged by everyone from anti-globalization protestors to non-conformist geeks.

As one phase closes, another opens – the Age of Intellect.

Why 'Intellect'?

For one thing people are getting smarter. Not only in the limited sense of being media literate and seeing through the false images projected by brands (although this is a factor in the demise of image marketing), but *more intelligent* and *better-educated*, in general.

We easily accept that people are getting taller, faster at running the 100 metres, and so on. It's a less well-known but no less established fact that people are getting smarter. One landmark survey across fourteen countries found 'massive IQ gains'. This study found differences in average IQ test scores between generations of two to twenty-five points.² This means that we are (on average) 2 to 25 per cent smarter than our parents' generation. The phenomenon even has a name (after the psychologist who discovered it) – the Flynn Effect.

To explain the increase, Flynn applied a distinction which psychologists have accepted for over thirty years: crystallized intelligence versus fluid intelligence.³ Fluid intelligence is measured 'by tasks that require adaptation to new situations for which past learning provides relatively little advantage'. Whereas crystallized intelligence is measured 'by tasks in which the problem solving has been learned as a result of education and enculturation, or both'. When Flynn applied this distinction to his findings he found that the main gains were in fluid intelligence.

So people are getting smarter in a specific way – they are better at *dealing with new situations*.

Doesn't that strike a chord? Everyone reading this book will have their own experiences of a society which constantly confronts us with new situations: which forces us to live on our wits (even if this sometimes drives us to our wits' ends). It's why our times are so stressful and thrilling at the same time. Everything keeps changing. We are constantly having to solve new problems, ranging from 'how to be a man these days' to 'what to do when my new operating system doesn't work with my old software'.

Then there is the whole shift from manual work to knowledge work, which has fuelled the greatest education boom in human history. Before the modern age, 98 per cent of humankind were engaged in manual (mostly farm) work. Now nearly 70 per cent are in skilled work – and university admissions are fast approaching 50 per cent of all young people.

Not only does this mean changes in the spread of education (many more people get to hone their intelligence to a critical sharp point) and in its scope (people are engaged in learning throughout their lives), but all this extra learning also has a huge effect on people's values, their individual self-confidence and in the amount of trust and credence they place in the authorities.

In a short space of time we've gone from a 'couch potato' audience which was receptive to 'dumbed down' marketing daydreams, to an audience which is sharply critical, in every sense. Some commentators look at all this and see 'the death of marketing'. But I think that this is naïve. Companies still have the

budget and will continue to use marketing to promote their business. It's just that the main means of doing this – used for the last fifty years – have stopped working. And new ways have started to emerge.

For the last seven years, I've been working out a new marketing system. I started on this trail because the concepts we've inherited – like brand image and positioning – were all too often an uneasy fit with briefs I was getting from clients. A typical marketing project now – for financial services, a retailer, new media or technology – is simply *different* from the projects which established modern brand marketing in the 1950s.

The differences include:

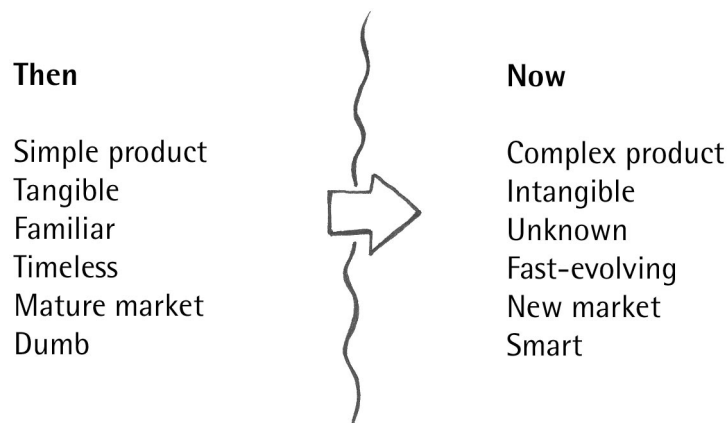


Fig. 1 Marketing differences

And that's just the business.

Society has changed too. Ours is one of the only times in human history when most of the learning happens *within* a generation, rather than being passed *between* generations.

Nowadays, we make up our own life stories, instead of following traditional patterns. Every month could bring a new twist in our personal situation, our work, our community and society. So we have learned to be more flexible, active and dynamic in forming our concepts and outlook. We have discovered how to *learn as we go*.

In my last book, *The New Marketing Manifesto*, I presented a

toolkit of twelve rules for building brands, based on successful new approaches to marketing which had emerged in the late 1990s. These rules were all, in some sense, about ‘getting real’: for instance, being more intimate, true to people’s real lives and attentive to their fundamental needs and the changes in their lives. The feedback I’m still getting is that it was quite a good summary of where we’d got to.

A typical example, which I’ll return to in this book, is the shift from selling branded drinks to teaching people to appreciate whole categories like wine. This was already a challenge to building a ‘false image’.

Now I want to take marketing thinking to the next level. Rather than try to stretch the existing paradigm any further, I want to propose a whole new system for marketing. One where we don’t have to go through contortions to make the old tools fit the new challenges and opportunities.

This new book reflects the work I’ve been doing over the last few years, as a global free agent, dipping into other people’s companies and projects. I’ve been involved in the vision and strategy of great corporations, with tiny dot-com and new media start-ups. These have included pure knowledge businesses like professional services, finance and e-learning, as well as classic consumer markets and products. I’ve worked in diverse cultures – from Barcelona to Wall Street. And I’ve met a lot of interesting people with new visions of marketing along the way.

I have had to constantly alter and challenge my assumptions and my overall map of marketing. Common themes have emerged in my work, which I believe are signposts to a new way of thinking about, and doing, marketing. And slowly these themes have united into a whole new theory and system.

Marketing on the next level will be about expanding people’s minds with new concepts – rather than hypnotizing them with brand images.

We need to know *why* marketing is moving in this direction (based on business and social trends), *what* the core strategies of marketing will be (to replace or update branding) and *how* these can be executed (in the new media landscape).

To start, let's divide marketing, from 1900 to 2000 and beyond, into three phases, each of fifty years. Each of these phases has a different marketing paradigm. Each new paradigm has not replaced the preceding one. But rather it has relegated it to a lower place in the marketing plan.

This is how I see things moving forward too. With mind-altering marketing *eclipsing* image marketing, rather than replacing it.

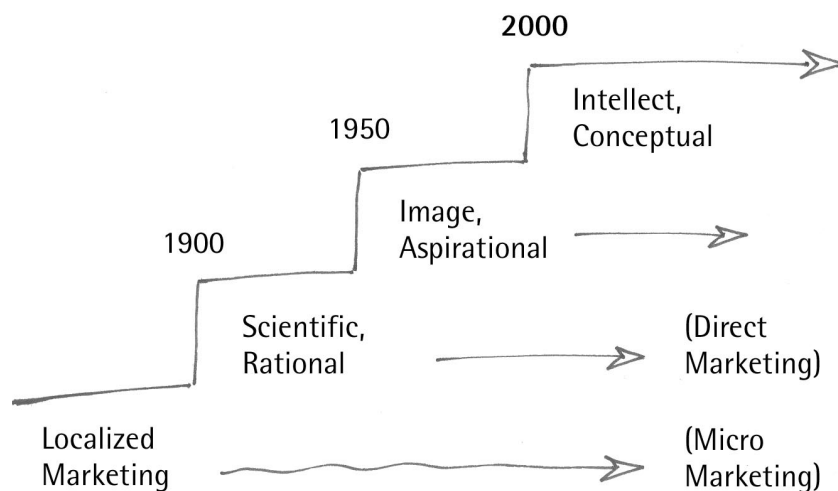


Fig. 2 Step changes in marketing

To put this in a contentious way, brand-image advertising is the new junk mail.

Why the step changes? Marketing is, of course, a consequence of the types of businesses that pay for it and their priorities, the social context and the media used. When these three components change, marketing must change too.

Figure 3 makes a simple point – marketing is not an island. When everything around marketing stays fairly constant then it is right for marketing tools like advertising to stick to roughly the same formula. But when all three of the other areas go through big changes, then marketing has to change not only its content, but also its formulae.

Ours is not the first time in which business, society and media have all gone through step-changes. Let's start with the first big

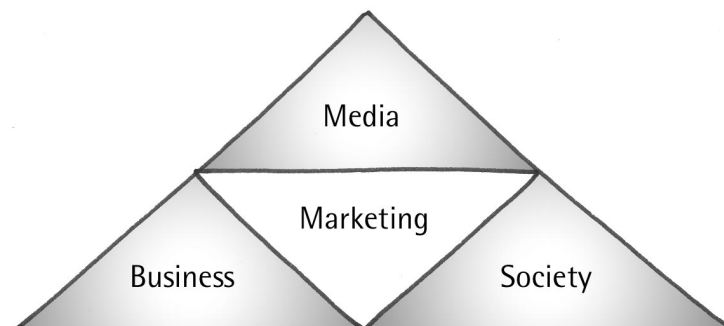


Fig. 3 Marketing in context

step within living memory, which came with mass media and mass consumer products . . .

LEVEL 1: SCIENTIFIC SELLING, 1900–1950

The last century started on a wave of optimism. New sciences, technologies and industries had brought, and kept bringing, a stream of mass-produced products to improve people's lives such as medicines, affordable clothing and electric lights.

The business frontier – and nearly all of marketing – was about launching new packaged goods, across national markets. A typical advertisement would extol the virtues of the new product and contain a coupon, to be redeemed with a trial pack, at the local grocery store. This was the start of 'scientific advertising'.⁴ Campaigns were for the first time based on research into what pulled the greatest response. The advertisements tended to emphasize rational propositions; like the fact that shaving cream produced 'a hundred times more lather' than normal soap. There were also the first signs of modern brand personality, like the use of an invented character (in a series of ads for dress-making kits), or the use of exotic sounding ingredients (like palm oil). But it was all about selling.

There were some innovative marketing campaigns in this period. Kellogg's Corn Flakes launched themselves into the national diet using my favourite sales promotion of all time, 'Wink at your grocer and see what happens'. (When a housewife

complied she was handed a trial pack of Corn Flakes.) But these were not devised as ‘brand building’, so much as impactful and ingenious ways of generating trials of new products.

The marketing behind national product launches was greatly helped by the growing mass media of magazines (like the *Ladies’ Home Journal* and *Good Housekeeping*). Other media like commercial radio and posters emerged at this time. But they all took their lead from the printed advertisement.

A key social trend was the war on dirt. New discoveries in science had shown that many diseases were due to tiny microorganisms. These tiny bugs gripped the popular imagination – a dirty home was a diseased home.⁵ Cities and homes were sanitized. The concept of the housewife was already well established – it dated back to the early Victorian age. A woman’s place was in the home, at least for the middle classes, and many working class women worked as domestic servants.

If I had to isolate one value that stood for the whole culture of that time it would be *duty*. People knew their place and accepted the strict responsibilities that went with it. They did ‘a hard day’s work for an honest day’s pay’, and they didn’t get ‘ideas above their station’.

Overall the marketing paradigm for ‘Level 1’ looks something like this:

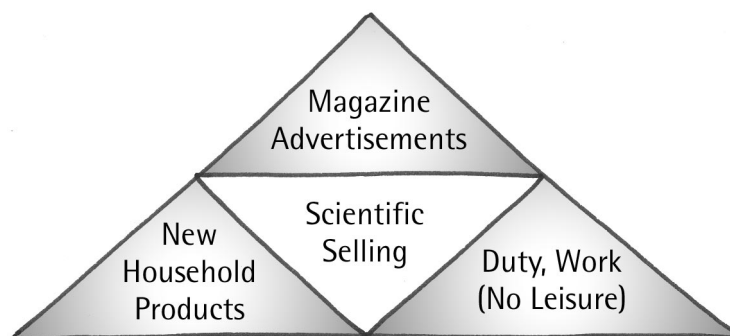


Fig. 4 The ‘Level 1’ marketing paradigm

LEVEL 2: FANTASY IMAGE, 1950–2000

The mid-1950s was another time of great hope and improvement in the quality of life.

The war was over. Rationing had ended. New ‘miracle products’ like washing machines and vacuum cleaners released women from domestic chores. Luxuries like a motor car and blended whiskies became affordable by the mass middle class. Leisure time became a part of everyday life, alongside work. Surveys show that, of all recent decades, this was the time when people were most happy.⁶ They’d ‘never had it so good’.

The business priorities that drove marketing campaigns changed. Many markets for consumer goods had matured. This meant that a number of similar products at the same price point were competing for customers. The battle was on for loyalty and share. Which forced marketers to consider how consumer habits were formed and maintained. Generic product benefits were no longer enough. They needed a little ‘extra edge’.

Advertising agencies hired psychoanalysts, to help them figure out how to get deeper into the psyche of the consumer. These psychoanalysts introduced the focus group interviews and projective techniques, which are still with us today. They came to the field with a (Freudian) assumption that people did most things for unconscious and irrational reasons. And they soon found plenty of examples in the world of consumer goods to support this assumption.

Ernest Dichter was a Vienna trained psychoanalyst turned marketing shrink. His *Handbook of Consumer Motivations* catalogues the psychological factors involved in people’s choice of car, beer or lipstick.⁷ He and other analysts came to an overall conclusion, which changed the way that marketing conceived its whole approach:

Most cars in a similar price category are more or less alike technically. They may differ as far as design is concerned, but the major distinction people are interested in is this vague, subtle, overall feeling of personality. A Ford is different from a Chevrolet; a Citroen

is different from a Simca. It is this image, this personality that we usually buy and on which advertising must concentrate.

And concentrate on image it did. The advertising of the time (and ever since) shifted: from words to pictures, and from print media to the more emotion- and personality-driven medium of commercial television. Ads were no longer selling a product. They were selling an image, a fantasy escape, a lifestyle. Consumers found themselves in an Aladdin's cave of luxury, status, glamour and aspiration. The consumer society was born.

Brand image became the central concept of marketing. It was seized by the ad agencies as all the justification they needed to make creative, entertaining commercials (which is all most advertising people I've ever known have ever wanted to do); and by design and other marketing services to justify their more creative, artistic proposals.

A new line was drawn in marketing. 'Above the line' was brand image-building in expensive, flamboyant ways. It was creative rather than scientific. 'Below the line' the old rule-based scientific selling continued – now known as direct marketing. The dominant marketing paradigm for 'Level 2' looks like this:

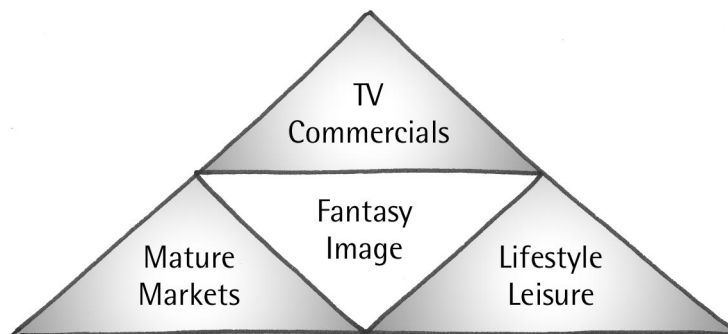


Fig. 5 The 'Level 2' marketing paradigm

LEVEL 3: MIND-ALTERING MARKETING, 2000-?

The main social change happening now – and it towers above all other trends – is the addition of a third realm of everyday life, alongside work and leisure, which is learning.

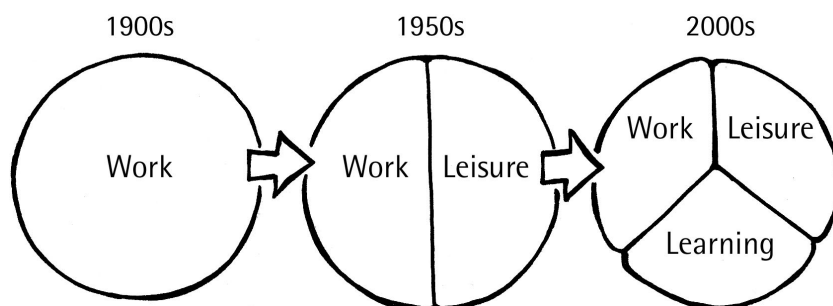


Fig. 6 *The work, leisure and learning mix*

This has cut into work time. For instance, nearly half of UK adults have had training recently to update their computer skills. Learning has also cut into leisure time. With over two-thirds of people taking on some form of learning, either on their own, at a local class, at a formal college, or increasingly online.

Vocational learning is an essential survival tool in modern working life. People need to constantly improve their skills and ways of working in order to be employable. The average individual leaving school in the mid 1990s will go through five different careers in their working lifetime, with major retraining for each stage.⁸

There is a broader learning trend as well: updating our fundamental ideas about who we are and how we live. We are the first generation not to rely on instruction from previous generations. How to be a mother, a man, what to wear, what to eat . . . everything is up for question, and subject to constant revision with new information.

The same changes in technology and society that are driving people into lifelong learning are also driving companies into rapid development. Business strategy now aims at creating whole

new markets and industries, not just new products and services.

The first level for business was about new products, the second level was about brands, the third level is about new concepts. This trend is typified by the information and communication industries. But it is also true of older markets, transformed by new technologies and channels. It's even true for some basic commodities. Starbucks has created a whole new market concept for that ancient product called 'coffee'.

The media shift is from passive, single media to interactive mixes of media. That doesn't just mean a shift from TV to the Internet. It's a shift to anything *with* anything. Sony describe it as moving from 'broadcast to anycast'.⁹ A big TV show now often has an interactive component and at the very least a website. Technically, interactivity is still in its infancy. But interactivity, the way the audience relates to the content, is already established.

The new learning culture means that individuals are interacting with the media to work things out. It's about using the media in an active way, to form and revise our mental models. We used to doze or chat through the stock market news on TV. Now we sit forward a bit and wonder what it means for our mortgage, job security and pension.

The marketing concept which fits these changes – to learning for individuals, new markets for companies and the new interactivity and other options in media – is *Mind-Altering* Marketing – creating new mental models.

This doesn't, in most cases, mean instruction. That is a form of learning from the non-interactive, non-empowered age. Knowledge now is 'just in time'. We learn fast, but only when we need to learn. Parents-to-be learn the latest dos and don'ts in ante-natal classes. Patients learn about new treatments from support groups. People buying a new computer buy the latest computer magazine.

There is no point in learning in advance, because human knowledge keeps evolving at a rapid pace. And there is just too much of it, to take all of it in. This year's health fad can be next year's health scare. When this happens, the media will let us know.

The paradigm for marketing, at Level 3, looks like this:

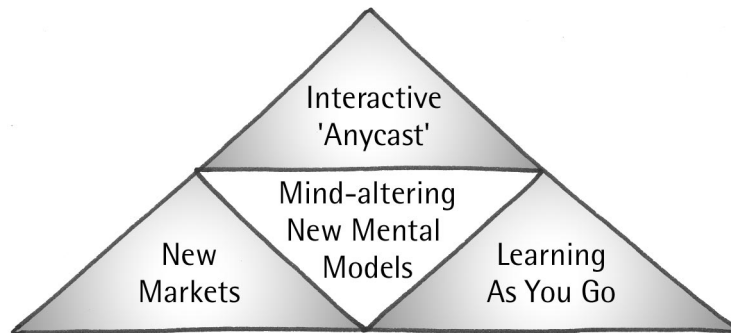


Fig. 7 The 'Level 3' marketing paradigm

An example of all this is alternative remedies and regimes:

- **LEARNING:** whether you are into yoga, ayurveda, acupuncture or homeopathy, one of the key attractions to alternative remedies and treatments is that there is a whole philosophy and vocabulary to absorb.
- **NEW MARKETS:** These treatments do not fit simply into healthy eating or exercise. They tend to be holistic in their approach, and they deal with healthy people (who are at most stressed out) unlike Western medicine which deals with the 'sick' – a new market by definition. If alternative therapies replace sales of something it's most likely to be cigarettes or alcohol.
- **MIND-ALTERING:** People who adopt alternative therapies tend to make sweeping changes across their lifestyle, because they take on new mental models of 'how to live'.
- **INTERACTIVE:** Compared with Western medicine, holistic therapies are intensely interactive and participative. A good deal of a consultation is taken up with communication in both directions, let alone with classes etc. One popular claim from converts to alternative medicine is that 'it treats me like a person' which is a good yardstick for any modern marketing and service.

'The body and soul' market has become a huge industry. Reports from the US where New Age is most advanced suggest that there

are more visits to alternative medicine practitioners than conventional GPs. Nearly every lifestyle magazine gives over some space to the topic and major retailing chains like the Body Shop have got in on the act.

A NEW MENTAL MODEL OF MARKETING

When people from the two previous paradigms (brand image versus direct marketing) meet, the result is usually confusion, because they have their own – very different – mental models. I remember working on a recruitment press campaign for First Direct. I simply could not get my head around it. Why adjust the ad a little and measure the response, rather than coming up with bold new ideas? I did not have a scientific sales mentality.

I've met the same incomprehension, in reverse, from direct-marketing agencies. 'What are the main selling messages?' they'd ask. 'Whatever you like,' we'd reply: 'People don't really buy it for those product points, they buy it because they love the brand.'

The same goes for crossing from brand-building to mind-altering. You need a new set of concepts to work in this space – different assumptions about the role for marketing communications, different kinds of ideas, for different mixes of media.

This book is an attempt to articulate the new approaches needed to work at the next level of marketing, and in its four main sections, I will explore the four segments of the new paradigm:

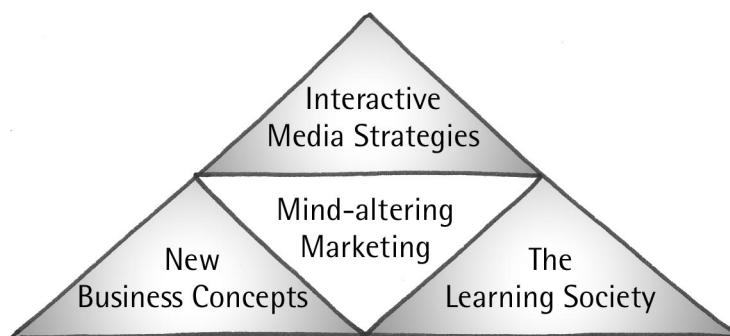


Fig. 8 *The new marketing paradigm*

Each reader will have their own area of expertise and interest. A market researcher might be glued to section two, while a media planner would feel more at home in section four. But it's important to grasp the whole picture. That's what's often missing in the debate in each 'corner'.

I sat opposite a manager from a big interactive advertising agency at an e-learning event recently. They must be deep into this area by now? (I enquired). After all, learning is one of the key possibilities in interactive media? No, they weren't at all, he replied. They were still trying to shift their clients from direct sales into brand building.

To change the way you do marketing, you have to change your whole mental model.

Having pulled marketing apart, section five will put it back together again. Using the mobile-phone market as an example, I'll show how the model can be used to drive the marketing process, from start to finish, by answering four basic questions:

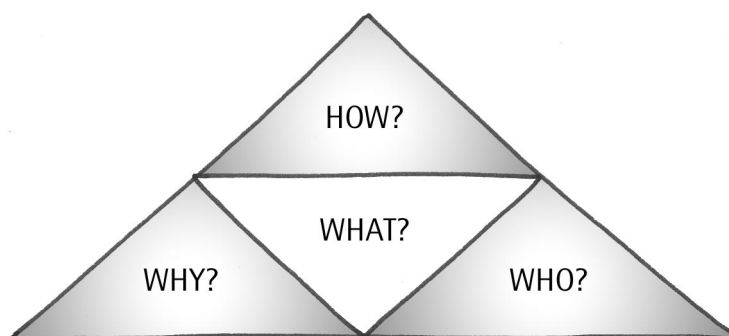


Fig. 9 *Basic marketing questions*

Now that we are heading into what appears to be a deep recessionary freeze, there will be another incentive to explore radical alternatives to brand-image marketing. Like a decadent monarchy it may have simply become too expensive and too out of touch with ordinary people's lives to be carried any further.

In the 1950s, Lord Leaverhume said that he knew half his advertising was wasted, but he didn't know which half. Nowadays the situation is much worse. Media inflation alone means

that, if in 1955, 50 per cent of your advertising budget was wasted, then by 1995, 90 per cent would be wasted, all other things being equal. And if 90 per cent of your advertising budget is wasted, does it really matter ‘which 90 per cent’?

It’s the lack of established alternatives that have held many companies, but not all, back from radical change. While I’m as gloomy as the next marketer about the prospect of a recession, I’d definitely take the winter in the hope of the spring.

Personally I hope that marketing is indeed moving up to this next level, as learning, in the liberated, self-directed and passionate mode that I describe in this book, is one of the only forces for lasting good I can see in our universe. If marketing is to drive this trend – as strongly as it drove the consumer society in the 1950s and 1960s – then it might just be worth hanging around for.

As marketing people, it would be great for us to be on the side of the angels, for once.

Don’t you think?