



Winning hearts, minds and shelf space in the digital age

The evolution from *traditional* media to *new* media and now *social* media has expanded our vocabulary, and changed the way we connect with consumers and intermediaries. It also has forced us to think about shifting company spending priorities.

While a few large financial institutions recognized early the value of social media, the industry as a whole has been slow to adopt social media policies and build the requisite infrastructure to support them. How do you stay on top of the latest media developments without getting distracted? How do you influence sales without diluting your message? How do you know that you're spending your marketing budget in the most effective manner possible?

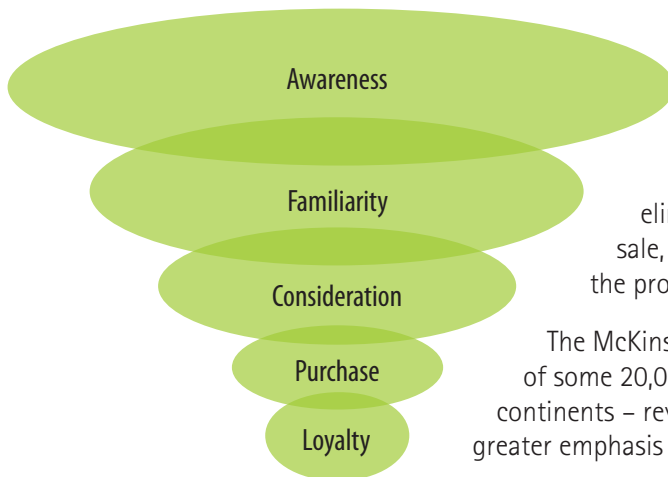
Two timely articles appeared in the December issue of the *Harvard Business Review* with insights about social media and branding. Writing for the *Harvard Business Review*, David Edelman explores a new consumer-decision model based on research conducted by his McKinsey colleagues. The model identifies critical touch points in the evaluation phase when consumers are most open to influence. In the same issue, Patrick Barwise, emeritus professor at London Business School, and Seàn Meehan, professor of Marketing and Change Management at Switzerland's IMD, take a different approach. Social media, they claim, make it more urgent than ever that companies get the basics right.

Do your social media priorities reflect your consumers' needs?

In his article *Branding in the Digital Age*, David Edelman – co-leader of McKinsey & Company's Global Digital Marketing Strategy practice – explains that consumers are connecting with brands in new ways. "What has changed is when – at what touch points – [consumers] are most open to influence."¹

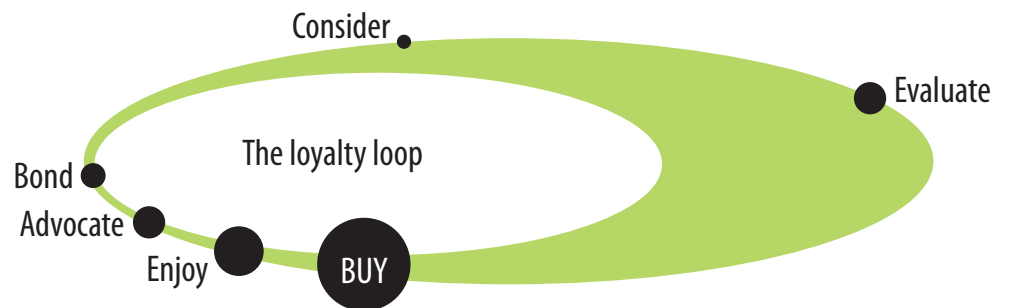
The findings have important implications for mutual fund and other financial services organizations as the share of mind and shelf-space – especially those that work with intermediaries and complex distribution channels. The research suggest that marketers should revise outdated strategies, media spending and organizational roles to reflect information-gathering and decision-making trends.

The funnel vs. a circular decision-making process



Edelman argues that the old model "fails to capture the shifting nature of consumer engagement." In the traditional consumer-decision model, the funnel analogy, buyers accumulate impressions about brands from a range of experiences and, through the process of elimination, eventually make their selection. After the sale, consumer loyalty is based on the experience using the product or the service.

The McKinsey research – based on the purchase decisions of some 20,000 consumers across five industries and three continents – reveals a more circular decision-making process, with greater emphasis on the *evaluation* phase.



- Survey participants revealed that media fragmentation and product proliferation actually reduced the number of brands they considered.
- During the decision process, "rather than narrowing their choices, consumers add and subtract brands during an extended evaluation phase."
- After purchase, "they often enter in an open-ended relationship with the brand, sharing their experience with it online."²

"The research reinforced our belief in the importance not only of aligning all elements of marketing – strategy, spending, channel management, and message – with the journey that consumers undertake when they make purchasing decisions but also of integrating those elements across the organization."³

Key takeaways

- Too often marketers stress the *consider-and-buy* phases, spending more on awareness-building rather than on the *evaluate-and-advocate* stages in the decision process.
- Develop tactics that help intermediaries and investors navigate the evaluation process and spread the word about the brands they prefer.
- The shift to a consumer-decision model entails three key steps:
 1. Understand your clients' decision journey.
 2. Determine which touch points are priorities and how to leverage them.
 3. Allocate resources accordingly.

Let your brand's promise guide your social media presence

Professors Patrick Barwise and Seán Meehan take a longer-term, more measured approach to the spending decision. In their article, *The One Thing You Must Get Right When Building a Brand*, they conclude that successful companies “[exploit] the opportunities presented by social media, while keeping an unwavering eye on their brand promise...judiciously revising the marketing playbook rather than trying to rewrite it.”⁴

Based on the companies they have studied, Barwise and Meehan suggest that great brands share four fundamental qualities:

1. Focus on offering and communicating a clear customer promise.
2. Build trust by delivering on it.
3. Continually improve the promise.
4. Innovate beyond the familiar.

Social media offers powerful ways for companies to engage with consumers, and for consumers to engage with one another. The emergence of the digital consumer and social web technologies means that companies no longer can “control” the message or opinions about their brands, both good and bad, which are shared with lightning-speed. The authors cite several examples of the power of social media, including Procter & Gamble’s (P&G) initial failure to respond to a consumer-created Facebook page that turned into a 7,000-person campaign against one of its products. “The scale and speed of social media can make falling short instantly painful.”⁵ Rather than shy away from the incident, P&G jumped in with both feet to enhance its social media strategy. The company has created a community of some 600,000 mothers, who help create and advocate P&G products.

Other textbook case studies shed light on their thesis that strategic marketing objectives (and budget allocations) are best achieved by focusing on branding fundamentals. The authors suggest that companies should use social media to gain insights rather than “sell” product.

Key takeaways

- *Don't throw out your playbook* – that is, don't let the lure of social media distract you from your primary branding goals.
- *Use social media primarily for insight* – it may help with sales, but don't make that be your focus
- *Strive to go viral, but protect the brand* – convey authenticity and relevance with social media
- *Engage, but follow the social rules* – you should join in on the conversation provided you are "deeply knowledgeable about company products/services, steeped in its brand and values, and fluent in the culture and rules of each social network"

Your Action Plan

- Talk to Asset Communications about your overall communications, social media challenges and opportunities. With social media – as with traditional media – content is *still* king. We can help you by developing policies, providing the latest Finra PodCast and social media updates, or by offering recommendations for and working with compliance.
- If you need help convincing executives and colleagues, call on us or look for more case studies and insights in Barwise and Meehan's new book, published by Jossey-Bass in late March: *Beyond the Familiar: Long-term Growth Through Customer Focus and Innovation*.
- Call us for more information about purchasing a single copy PDF of either of the articles that appear in the December issue of the *Harvard Business Review* (\$6.95 each).

¹ *Harvard Business Review*, December 2010 (Edelman p.64)

² *Edelman*

³ *McKinsey Quarterly*, Court, Elzinga et al, June 2009

⁴ *Harvard Business Review*, December 2010 (Barwise and Meehan, p.80)

⁵ *Ibid*