

# The Debating Group



A Parliamentary forum for Media and Marketing Debate

## **Will social marketing be the death of traditional marketing?**

**According to Toby Beresford traditional marketing – the ‘here’s a general message for a targeted segment of people with similar attributes, stick it in a channel that we know will reach them and hope for a positive response’ – is dying. He was proposing the motion ‘Social media will be the death of traditional marketing’ at the Debating Group debate at the House of Commons on 18th October 2010. The debate was sponsored by the Direct Marketing Association and chaired by Oliver Colvile, MP for Plymouth Sutton and Devonport. (The chair was taken by Vice-Chairman of the Debating Group Jim Rothwell, when Oliver Colvile was called to vote).**

**Toby Beresford, Commercial Director Syncapse and Chairman of the DMA Social Media Council**, began by asking the audience how many advertisements they had watched on YouTube last week. He suggested that the answer was not many. Pretty much like those few who saw the expensive Michelin commercial on YouTube last year – less than 10% of their 170,000 workforce. However, he was impressed by the people who reskinned a zombie game on Facebook with the popular film franchise and saw one million registrations in just a few days. For some it works and for some it doesn’t, but that is not the point. The point is that the old order changeth and is replaced by the new. It was ever thus. He asked the audience to join him in putting one small but significant nail in the coffin of traditional marketing.

Social media is evidently hot. YouTube has 2 billion views a day. Facebook has a population equivalent to being the third largest country on the planet. We seem to want to tweet at a global rate of 65 million a day. Before arguing that social media is more than just the pimply new kid on the block, Toby Beresford looked at traditional marketing, consigning it to a historical footnote in the onward march of civilisation. He was not saying that marketing itself is dead – getting people to want your products and services is not going away any time soon. But traditional marketing has been undermined, its pillars eroded, washed up, swept away and so inevitably it falls. Like Ozymandias from Shelley’s poem – the broken legs of a statue standing in the desert with the words “look on my works you mighty and despair”, yet nothing beside remains.

Toby Beresford looked at traditional marketing in terms of message, people, channel and response. First, the idea of a message itself is now suspect. At the end of the last century over-messaging dulled the senses of the consumer. In 1997 the average American consumer was subjected to 3,000 commercial messages per day, six times that of 30 years earlier. But consumers have adapted. They have trained themselves to identify and filter out marketing messages, often unconsciously. Adland knows something is wrong but fears rocking the boat because its bread and butter depend on it. We still talk about messages as if the consumer cares. Instead of messages social media brings us content, often from our friends. Stuff we really do care about, and find interesting.

Secondly Toby Beresford addressed the idea of a targetable segment of people with similar attributes. “No matter where we go we talk about target audiences. Like soccer mums who all buy Meriva’s and live in Isleworth”. They sound like a group but they are no longer. Multiculturalism has taken over – the viewpoint that my culture and your culture are not mutually exclusive – we can coexist, yet in our own individual bubbles. We’ve condensed our shared sense of being to the individual self. Identity itself has shifted. We are no longer citizens of a country, of a background, of a culture. We are each individuals floating according to our own desires and beliefs. We differ intrinsically in our background, faith, beliefs and hence, choices. There may be segments still there but they are the new micro segments of the marketplace. We now belong only to tribes, people groups we choose; we are outside the traditional authority structure. With this trust has evaporated – the sense that the man at the BBC knows what’s best. Trust is a vital ingredient of traditional mass marketing. If we don’t all have a common set of values we have no mass to market to. Social media both responds to and feeds this creeping destruction of shared identity.

Social media is a fragmented media. It reflects our own individual priorities and tribal allegiances. We have killed the editor and put ourselves in charge, and this is facilitated by the machines. Traditional marketing required segmentation, large groups of people thinking and behaving in a similar manner. Social media breaks this down; it creates ever smaller sub-niches and sub-genres as we seek meaning in a globalised world. Marketing to this fragmented generation requires personalisation, something a friend can do with a few strikes of the keyboard, SMS or with a poke – something a brand struggles to achieve with authenticity, unless it too is prepared to be part of the conversation.

Thirdly Toby Beresford addressed the idea of a channel and argued that it is fast disappearing – the idea that people tune in to a single trusted channel which delivers various content items like a newspaper and then marketers can piggy back that channel with their messages. But those with live Tivo sets record live TV and filter out the messages. Earlier this year YouGov found that nearly 90% of people fast-forward the ads. We have in fact replaced channels by robot editors. We have handed over the editorship of *The Times* to the engineers at Facebook. We opt-in, choose several incoming ‘feeds’, blogs, friends and their online activity, raw data and ask the robot to prioritise for us. The robot does this by keeping track of what we like and don’t like, whom we care about, how we interacted with past content. Did I read that article on Sky News? If so, give more Sky News next week. Did I write on John’s wall? OK, show me more of what John is up to in my news feed. This machine intelligent editing of our home page of news is better than we can even do ourselves. Facebook did a test where they put users in charge of what they read – they found that we prefer the stories the Facebook engine picks for us. For marketers the collapse of channels means ever-diminishing returns on more channels that do continue to exist while leaving the mainstream of social media platforms untapped.

The fourth area addressed by Toby Beresford was response. He argued that traditional marketing doesn’t know the response – it just hopes it happens. Nowadays, brands want real responses; traditional marketing doesn’t deliver reality, just hope. Digital marketing and those clever people at Facebook are bringing measurable response to the party. Social media offers a new kind of marketing. The message has gone, the audiences debased, the channel fragmented, but response is on the up. Instead of message, we talk about content; instead of audience we converse two ways with customers; instead of channel we compete on the platform; instead of the hope of response we offer a measurable response.

Toby Beresford concluded, “You know that you are less of a group and more of an individual. You know that you can tune out marketing messages in your own life, you know you don’t respond quite as much as you think....you know that social media has won and traditional marketing is dead”.

### **The marketing mix**

Opposing the motion, **Pete Markey, Marketing Director, More Than**, stated that he had a massive belief in social media. It is something that enhances the traditional marketing process, as other digital

channels have done, but it doesn't replace it. Traditional marketing has as its base the four P's – product, price, place and promotion. It is not compromised by social media but rather enriched by it. The key disciplines of product development and management pricing and elasticity modelling and distribution are not going to be killed by social media but rather enhanced by it. Social media is another tool or channel for marketers to use, but one that is very different from traditional tools and should be used in a different way, but nevertheless alongside the other tools in an integrated way. Promotion, the fourth P, should not be confused with marketing as a whole and for the 21<sup>st</sup> century marketer, social media, in its simplest form is a new media channel and should be integrated into a brand's communication plan alongside other channels. It is another route to talk about brands and values.

The social media channel is, however, unique in the way that information can flow both ways, from the brand to the consumer and vice versa. Pete Markey cited Dell as an example but pointed out that it still used TV. Social media allows communication to be interactive. In the same way as other channels have evolved (compare radio), social media is a new word-of-mouth platform for brands. Where marketing becomes important within this space is with its ability to start and direct conversations. Whereas traditional marketing is a one-way street, social media is a two-way street. By producing something worth talking about a brand can extend its reach within this space and enrich the content bounded around the social media space. It is a great way to innovate.

Social media is a powerful tool but it is heavily reliant on other traditional marketing channels to keep its wheels moving. There is a great deal of noise created around *X Factor* on Facebook at Twitter, but traditional TV still drives the start of the conversation. Traditional marketing and social media work together in a symbiotic way. Social media is a great channel, but it is not a channel in its own right. AVIVA have recently chosen to launch their multi-million pound 'you are the big picture' social media campaign throughout outdoor and print media, rather than purely online. The 'Compare the Meerkat' campaign which has so many followers on Facebook originated on traditional marketing channels. Cadbury's great Gorilla campaign was launched as a traditional TV ad, before it spun into social media via YouTube.

We still use segmentation. Social media is not a key channel for every segment of the market. Depending on your brand and product position, your target audience as a marketer might be heavily skewed towards more traditional channels or increasingly (as More Than is finding), blended channels.

Pete Markey outlined the challenges still current for social media:

- Negative influence. If social media can radically boost brand awareness and open up sales channels previously unimaginable, it can also radically undermine brand equity. A single disgruntled voice has been able to use the power of social networks to get its message out.
- Security and privacy concerns. As those taking a full part in social networks upload more and more of their personal information to the 'cloud', concerns are growing over ownership and security of that data.
- Loss of 'cool' factor as the young, hip and early adopters start receiving friend invites from their parents and even grandparents. "When your mother-in-law is a friend, has it become 'uncool'?"
- Changes are coming. Strict legislation is in place for traditional marketing and is an area where consumers know their rights. Social networks are a grey area. The regulatory environment for social media is likely to change.

Social media is not suitable for business-to-business. There will always be segments it won't reach. There are still swathes of society that are not engaged in the social networks that social media depends on (there are 25 million active Facebook users in the UK in 2010, which still leaves tens of millions others not on Facebook).

You can attract your customers with traditional marketing but then engage them with social media. There is little evidence outside pure-play digital brands, that big brands will abandon traditional marketing in favour of social channels. Pete Markey cited the Ford 2011 Explorer and Jimmy Choo campaigns as examples of blended approaches.

He concluded that social media is brilliant, but it is not the be-all and end-all. It enhances and enriches traditional marketing and is part of the marketing mix.

### **Word-of-mouth**

Seconding the motion, **David Parfect, Group Head UK Sales, Facebook**, argued that to win in today's world requires a different mindset, different approaches and different ways of working. The principles that marketers have been speaking about for decades i.e. putting the consumer at the centre of everything and that word-of-mouth is the most powerful form of advertising, are now here, and, with the advent of social media, are here to stay.

Social media is no longer a niche add-on. It is now mainstream reaching one-third of the population. It is a force to be reckoned with. Gone are the days when we spoke at our consumers. They now have a strong platform on which to share and recommend and this means a fundamental shift in the way in which marketers communicate. David Parfect commented that Mark Zuckerberg, Facebook's 26-year old CEO, believes that it is only 5% into its development!

David Parfect went on to address four key points: media consumption, personalisation, culture and lifetime value.

- **Media consumption.** Users are spending a greater amount of time online and within that an even greater amount on sites like Facebook. Over 14 million UK users logging on to Facebook daily are then spending an average of 25 minutes on the site. Even when watching TV shows like the *X Factor* (13 million viewers) users are on Facebook interacting with the page (over 1.8 million connections) and making thousands and thousands of comments about results and performances. Technology has led to a shift in consumption. Print circulations are disappearing into the abyss, radio is migrating to the likes of Spotify and we have never had so many channels to flick through at every commercial break. We are now at a point of time when we want to read/see/listen to things that are relevant to us based on our tastes and what our friends whom we trust like, not those which an editor believes are right.
- **Personalisation.** Profile data allows advertisers to reach the right user with the right message at the right time. David Parfect commented, "This means that rather than seeing an irrelevant gambling ad I am more likely to be served an ad by the RSPCA as I am recognised as a pet lover. Greater relevancy means that I am more likely to engage with the advert and less likely to ignore it". Targeted advertising ensures that money is not being wasted especially when we are all being asked to be more fiscally responsible.
- **Culture.** We face some serious changes in the next couple of decades. The UK, as many other countries around the world, has an aging population. We will see a greater number of parents moving back with their children as costs rise and increasingly we will have three generations living together. How will this change media consumption? How will grandparents be influenced by grandchildren? Facebook's fastest growing audience is in the aged 35+ bracket – in the UK currently 12.6 million active users, of which 7 million are 45+. In 10 years this picture may look very different as more people become connected and as grandparents are able to connect with their families and friends through such sites as Facebook. David Parfect maintained, "It is not to do with being cool".
- **Lifetime value.** As brands manage to harness the power of the social graph and develop their long-term strategy they are able to build deeper relationships with their advocates. They can message their users on an ongoing basis and notify them with online and store offers. Brands have the opportunity to be part of the conversation, like those with friends, family and co-workers. Email has become a depository for spam, enlargement solutions and chain emails. A

number of brands have done away with their websites and now only create Facebook pages. Research by Nielsen has shown that users are nine times more likely to engage with status updates from such pages than they would through paid advertising, plus it is free. A user who has endorsed a product on Facebook has a 4.5 times greater influence on a friend's purchase decision than a decision without it. When users interact with a brand on Facebook this is automatically distributed to approximately 5% of their friends who they interact with the most. The power of word-of-mouth on a digital level is that it is automatic and is free.

David Parfect concluded, "Traditional marketing is a thing of the past. As Mr Obama and Mr Cameron have stated 'It's time for change'".

### **Value exchange**

Seconding the opposition, **David Reed, Editor of *Data Strategy***, suggested that the 'spend all your money on TV' argument was the same as that being made by the social media owners – both have a mass audience which is very engaged with the channel and create 'water-cooler' moments. He argued that it is also the same vested interest. Facebook states that it is 'free and always will be'. However, it needs an advertising budget to survive, just like any other media owner. The cost of running a data centre is high, just like the cost of filming an episode of *Downton Abbey*. It also creates the same risk of a monopoly. David Reed reminded the audience of the time, before media fragmentation, when ITV had a monopoly on commercial TV and the airtime cost inflation. Markets naturally consolidate. We are already seeing Google with a 70-80% share, offering search with everything and expanding into other media. Facebook is already the number one social network for consumers in the UK. Other rivals are falling away. With monopoly comes clutter and cost.

David Reed went on to address another problem: marketing influences behaviour when the consumer is relaxed and receptive. Social networks *are* a behaviour. The consumer is active and occupied. Saying, 'we interrupt this broadcast to bring you these commercial messages' is very different from saying 'we interrupt your conversation'. Traditional marketing uses lean-back channels, social media is a lean-in channel. Already YouGov has found that six out of ten consumers say the online ads they see are not relevant to them.

David Reed questioned whether consumers understand the value exchange. In traditional marketing, the exchange is obvious. On TV, you get to watch the programmes in exchange for watching some ads. If you watch *Desperate Housewives* you accept that the ads are part of the experience. "Can you imagine a copy of *Vogue* without any ads in it?" Even with direct mail you get some items of 'junk mail' and in return have a universal postal service where you can send a letter for the same price in Usk or Exeter.

The value exchange in social networks is not transparent. We have seen that in the outcry over Facebook's privacy settings where information has been made available to advertisers. The consumer does not understand that a free Facebook requires advertising to support it.

David Reed wondered whether the consumer is in control or being controlled in the context of social media. Traditional marketing is built on data and both the marketing and the data are closely regulated, by Ofcom for broadcast media and by the Information Commissioner's Office enforcing the Data Protection Directive. Consumers understand their rights and can opt out. This can be seen in the soaring registrations on the Telephone Preference Service to stop unsolicited telephone calls. Social networks operate in a grey area. Recently, the Article 29 Working Party of European data protection experts published an opinion stating that the current way cookies are used is not informed consent. Traditional marketing operates in a mature and stable regulatory environment. Online and social networks do not. David Reed asked, "Does marketing want to risk being tarnished through guilt by association?"

Targeting is fundamental to modern marketing. But targeting is not the same as exclusion. Social skills and computer skills are needed to be part of a social network and around 15 million households still lack an Internet connection. Marketing is not just for AB high achievers. If you have a car, which most households do have, a brand like More Than wants to sell you car insurance. Marketing is also not just for large, blue-chip corporations. According to the Forum for Small Businesses, just under half of SMEs do not use social networks. And of the half that do, half of them doubt the value. Marketing is not about hiding, whether it is through on-line exclusivity or a value exchange and data policy that is hidden in the small print. Marketing is not too posh to push. It will shout to get attention through brands. It will interrupt – politely – to introduce itself. Traditional marketing has demonstrated its value for brands, consumers and media owners. Do marketers want to take their brands and their reputations into the unknown?

### **Discussion from the floor**

Contributors made the following points from the floor:

#### For the motion

- Social media is a completely new paradigm. You are now tied into actual truth. During the World Cup 20 million watched Nike's film online. According to Nielsen data, Nike received twice as much attention as Adidas on TV. But social media is a method not a channel.
- Generations replace generations. This generation accesses Facebook and YouTube during TV advertisement breaks. It spends more time on these social media – it is selfish and attracted to what friends say.
- The motion states 'social media *will* be the death of traditional marketing'. We make the assumption that traditional marketing will continue to exist. In a decade or so it will be harder to use traditional marketing.

#### Against the motion

- Facebook reaches a third of the population. But a third of the population have no internet access. While there has been a tremendous change in engagement data with Facebook, there is little change with traditional marketing. Consumers remain open to traditional media. Direct mail, the biggest blended channel, continues to grow. It was predicted that video would kill radio, but radio has continued to grow. The contributor suggested that the audience should not oppose the motion because of instinct, but because of research findings and the way consumers behave.
- The contributor was pro social media, but marketers have to go where the consumers are. We are living in the real world.
- Social media has moved traditional marketing along. The internet has demonstrated the importance of brand websites and personalisation and social media is teaching us that marketing is a conversation, not a push message.
- Marketers need the best investment possible. The more people who flood to social media, the cheaper traditional marketing will be. There are opportunities in using buses and posters. In traditional media such as these you can measure opportunities-to-see and sales volumes. Cost-per-sale is measurable. There is a lot more in marketing than social media. And it doesn't work with business-to-business.
- 'Click throughs' tell us nothing. Social media supports but will never replace traditional marketing.
- We should go more for a blended approach. Small businesses cannot always afford traditional media.
- Social media has made great gains, but it is going to hit a cap. People only want to share so much personalisation and interaction. There are many things that people do not want to share. Social media will start to freak people out. There will always be a place for traditional media as well as social media.

- People on social media are only communicating part of the day. The contributor stressed the need for media integration, with people responding to traditional marketing as well as social media.
- Word-of-mouth is one of the most traditional forms of marketing. Your friend telling you about a product on Facebook is just word-of-mouth moving into the online world.

#### Neutral

- What is important is insight into the near future. Facebook is part of the need to measure response. But how is technology going to change things in the next couple of years? Business-to-business is different from business-to-consumer. Networks like LinkedIn could be a suitable medium for B2C.

### Summing up

Summing up for the opposition **David Reed** commented that apparently as an editor he was not only dead, but also too old to understand social networks. He pointed out that there are more over-60s than under 16s and that demographic is not going to change rapidly. There are still issues of computer skills and lack of access to the internet. David Reed also addressed the issue of sustainability, pointing out the enormous amount of energy needed for a single Google search. He went on to refute examples of supposed failures by traditional marketing in the social network space. In citing Confused.com as an example of an irritating ad, he pointed out that sometimes irritation works – marketing does not want to be everybody’s friend. It wants to get inside the consumer’s head.

David Reed asked how consumers define themselves. According to Maslow’s Hierarchy of Needs friends and family are important. But at the top of the Hierarchy is self-actualisation, that elusive sense of self. And that is something consumers try to achieve through the brands they buy. If you follow, brands will lead. It requires the push of traditional marketing. The notion of the ‘last click’ to close a deal is a fallacy. At least half of the sale is the result of what went on before, even if you only look at the online journey. Consumers interact through a multitude of channels and their journey starts with a push from the brand.

Word-of-mouth has always been there. It is facilitated by social media but they do not own it. There is also a question of free speech. Will networks take down comments they do not approve of?

Brands are good citizens. They operate in a world that is regulated. They want to support the structure of a dynamic but orderly society, not a tribal anarchy.

Summing up for the motion **Toby Beresford** pointed out that social media is not taking over today. Facebook has only reached 5% of its potential. Where will it go next? These technologies are just infants. People are now sharing as much as they can. Technology controls are not yet in place to ascertain place of click, but will be possible in the future. We see Facebook as a web medium because this is where it sits today, but its technology can be applied to voice. Social media will take over in the future. Social media *will* be the death of traditional marketing.

### The result

The motion was defeated.

### Next debate

The next debate will take place on **Monday 29<sup>th</sup> November 2010** sponsored by the Advertising Association. For more details contact Doreen Blythe, Debating Group Secretary, on 020 8202 5854, e-mail: doreen.blythe22@btinternet.com.