

The Debating Group



A Parliamentary forum for Media and Marketing Debate

Do organisations nowadays expect marketing to be a science not an art?

“For the first time in history, the latest information, whether technical, managerial or entertainment, is no longer the privilege of a few firms or a few individuals”. These were the words of Alderman Sir Paul Judge, stressing the importance of a scientific approach to marketing at the Debating Group debate. He was speaking for the motion ‘Organisations nowadays expect marketing to be a science not an art’ at the debate at the House of Commons on 27 October 2008 which was sponsored by The Chartered Institute of Marketing and chaired by the Rt Hon Theresa May, Shadow Leader of the House of Commons and MP for Maidenhead.

Sir Paul stressed the importance of numbers. He feels strongly that we have to get rid of the amateur view of business and marketing and he summarised the four main strands of professionalism: academic knowledge; practical knowledge; a code of ethics and continuing education, because things are continually changing. He maintained that marketing is both a science and an art, but we were not debating which is better, which has more moral validity nor which is more fun. Marketing is the way to find answers through the application of science – to apply the principles of market research. (Sir Paul remarked that had the CIM more money, this is the route it would have taken!)

Sir Paul went on to point out that the opposers of the motion appear to support the use of the scientific approach. Both Saatchi’s and last.minute.com are heavy users of market research and planning. He cited Saatchi’s appointment of Fiona Hughes, who has 17 years experience in market research and planning whose remit is ‘harnessing web 2.0 principles and engaging in a media platform or undertaking service audits to deliver better more impactful marketing strategies’, as well as a market research study on ‘reacting to recession’ which segmented the British population into eight groups ranging from crash dieters to ostriches. According to the CEO Tim Duffy, “This study looks at the different responses to economic pressures. Companies need to understand which segments their customers are in. They can then adapt their marketing strategy to get a greater share of wallet and win new customers”. This is an endorsement of scientific marketing. Sir Paul also gave examples of the scientific approach adopted by last.minute.com and Travelocity. Lastminute.com’s slogan is ‘free time isn’t free’. It’s precious. Milk every last minute you’ve got. Invest wisely” Sir Paul argued that you can only do this if you investigate returns on your investment. In June of this year lastminute.com issued a press release saying: “Cornwall and Liverpool up 136%. Edinburgh: whopping 69% increase”. This is a wonderful example of scientific marketing underlying the scientific way the companies look at the world.

Sir Paul pointed out that the winners of advertising creative awards are just a fraction of the ads which are produced. When the advertising budgets for Bournvita, Cadbury’s Marvel and Cadbury’s Smash were cut, the market share of these products increased, because ad managers had to concentrate on the products and details of pricing and packaging.

In a recession the marketing budget has to be spent for a purpose: it is no longer the case of an image of a glamorous model, a smooth film star or a memorable jingle. Money must be made to work. Artistic creativity is not seen as the panacea when the chips are down. Unsurprisingly, there is a demand for less creative and much more measurable accountable marketing with digital in the lead and sales promotion, on-line and direct marketing following.

Era of feelings

Opposing the motion, Moray MacLennan, Chairman of Europe M & C Saatchi and President of The Institute of Practitioners in Advertising, accepted that organisations would like marketing to be a science. Creative work is a problem – creativity like the weather cannot be controlled. He concentrated on two words in the motion ‘expect’ and ‘nowadays’. He argued that organisations expect predictable information, but they want the creativity that is not borne from science e.g. the sound of cowbells in the British Airways advertising; the 8-year old who conquers the world in the Playstation ad. CEOs do not expect consistent mediocrity, which is provided by science. Moving to the word ‘nowadays’ Moray MacLennan summarised the mood of the past few decades: in the ’70s and ’80s it was creativity and fun; in the ’90s recession and accountability; in 2000 it was on-line and measurable. In 2010 there will be recession and an expectation of results. It appears to be a relentless march of science. But he suggested that we should not jump too readily to the logical conclusion. ‘Yes, we will measure and count more, but we are about to enter an era of emotion. People value emotions. They don’t want proof and science. They want to feel good. They want to account and measure, but they are also driven by customers who want to be moved. It is an era of feelings”.

All of us can be more creative if we go through a scientific process. Moray MacLennan cited Michelangelo. “He needed a process: he liked to take exercise before he painted. But what was important wasn’t the process of doing the press ups; it was that he was Michelangelo”.

Actionable foresights

Seconding the motion, Colin Shearer, Senior Vice President Marketing, SPSS, stressed that a scientific approach is an absolute necessity for modern marketing: not just in terms of measuring and proving success, but also to support the decisions that drive successful marketing. He focused on how we can go beyond measuring, to more advanced analysis, and crucially, carry that through into actions that generate return on marketing investments.

He suggested that in recent years we have seen a sea-change in decision-making across all areas of life and business. In police drama the gentle homespun wisdom and hunches of Dixon of Dock Green can be contrasted with the clinically scientific approach portrayed today in CSI. This exemplifies the move from ‘gut feel’, ‘seat of the pants’, ‘accepted wisdom’ and ‘instinct’ to evidence-based decision-making – taking the hard facts and applying rigorous logical scientific or mathematical approaches to reach robust conclusions. What does this mean for marketing? The ‘hard facts’ in this case are customer data: people’s attributes, behaviours and attitudes. Analysing these data allows marketers to gain better insights and, in the case of what we refer to as predictive analytics, actionable *foresights* on customer behaviour and preferences. For the first time, we have a solid basis for saying we *can* understand what customers want and predict what they will do, until recently these techniques belonged to geeks. Now they belong to marketing. Now they are in the hands of marketers themselves, directly enabling better targeting of campaigns and offers, anticipation of customers actions and even selection of messaging and content. Don Peppers freely admits that when he and Martha Rogers coined the term ‘one-to-one marketing’, only 15 years ago, the true application of that concept was in the realms of ‘MarFi’ – marketing fiction. Today, advances in technology and practices, and the automation and seamless integration of analytics into marketing systems and processes means that we *can* deliver the right message, to the right customer, at the right time – at a truly individual level. And every interaction with a customer becomes part of a genuine dialogue.

Colin Shearer gave examples of the effectiveness of these approaches:

- Cablecom, in Switzerland, analysed product ownership, usage and demographic information on their customers, related to satisfaction and built predictive models that could anticipate

which customers were likely to cancel their broadband contracts. As a result, they were able to reduce defection rates from 19% to 2%.

- FBTO insurance applied analytical techniques in a programme of phased improvements to their marketing operations. Targeting by predicted likelihood of response, reduced campaign costs by 35%. Enabling changes in customer data profiles, such as changes in address, age or marital status, to trigger offers, doubled response rates. And applying mathematical optimisation techniques *across* their sets of campaigns – even with each campaign already individually optimised – gave a further overall improvement in profit of 29%.

Colin Shearer asked if customers should be worried about the dissection of their data that underlies this approach. “No”, he stressed, “Because it is in their interests”. Customers hate wasted effort and indiscriminate marketing. Junk mail and anything in which they are not genuinely interested can turn them against the offending company. But if you can predict what they are interested in, there will be an improvement in their perception of the company or brand and greater loyalty.

Using the metaphor of ‘cop shows’, Colin Shearer anticipated the response that if you beat the data enough, you can get them to confess to anything! But he is not proposing the blind, but brutal application of data-crunching mathematics. Analysis delivers value only when combined with human expertise and knowledge. Creativity has always been and remains a vital element of marketing. But applying it within the framework of a disciplined, scientific approach ensures it reaches the right targets and has the greatest possible impact.

It is measurably proven that the scientific approach improves marketing. Why then should marketers object to it? Colin Shearer cited the case of Joseph Britto, who created an evidence-based medical diagnosis tool called Isobel. The program examines signs and symptoms and runs through all possible diagnoses, ensuring none are overlooked – it has been shown to work well and to save lives. But Britto was surprised at how resistant doctors were to using it. In contrast he noticed that airline pilots welcomed computer-based assistance. He asked his flight instructor what he thought accounted for the difference and received the reply, “It’s very simple...Unlike pilots, doctors don’t go down with their planes”, Colin Shearer concluded, “When marketing departments realise that in these troubled times, if they don’t deliver the contribution and the value the business needs to succeed, they will go down with the plane – surely then, every marketer will not only acknowledge, but embrace, the superiority of the scientific approach”.

Magic

Seconding the opposition, Simon Thompson, Chief Marketing Officer, last.minute.com Group, remarked that although he is a computer science graduate, it was a long time since he had listened to things which did not inspire him. He argued that companies want art and magic – the things that are going to grab you and make you want to pay a bit more. Organisations want to get customers, but they want magic, not logic. Marketing is about emotion – how you make people feel. People tap into magic and creativity emotionally. Why is it that Honda has the same recall as Toyota even though the latter spends more on advertising? It is because of the greater creativity. He cited his own children: the two-year-old believes $1 + 1 = 2$. The four-year old, who has learned to be creative, believes $1 + 1 = 5$. “I am delighted to say that in the organisation I work for $1 + 1 = 5$ ”. Simon Thompson pointed out that lastminute.com generates three times more hits than the first two companies in the search list, even though it is in third position. The magic of the brand is generated by art. The company knows from postcodes where people go on holiday, but in focus groups, the respondents say they do not want the people next door to know where they go on holiday. They did not want personalised ads. Investors don’t want incrementation – they want magic. They want to engage their customers.

Discussion from the floor

Several points were made by contributors from the floor.

For the motion

- Marketing is about boardroom strategy decisions. Creativity may create wonderful images, but science will analyse whether they are viable or not. Marketing is about strategy. Statistics have to produce trends – where the brand is going. We all know the brands which stay ahead. They can only do so with statistical analysis and risk analysis. Marketing identifies risk. Accountants will not do risk analysis. Marketing is an essential strategic tool of the boardroom.
- The contributor cited the Strand ad ('You're never alone with a Strand'), which was great art, but resulted in a decrease in sales. He discussed a new tool – Phorm – which is a highly controversial way of looking at competitive marketing. The Levi website is an example of the application of science by an artist which resulted in an enormous increase in sales. However, he is concerned that science can be misapplied. The Financial Services Agency is going to launch a £2 million press and radio campaign reassuring customers about the current financial situation. Nonetheless he concluded that the application of science is essential for a brand.
- Organisations do expect marketing to be a science, because they want to minimise risk. The reality is that brands are being run by statistics. Organisations expect it to be a science, not an art because, unfortunately, they are risk-averse.

Against the motion

- Implicit in the motion is that marketing is an art and needs to change. But in the future we are going to need people who are going to create competitive advantage – creativity, spontaneity and risk-taking are needed in a recession. When things get difficult we need magic. Marketers do what they do best. Only by using creativity and innovation can we survive a recession.
- The contributor pointed out that in his experience scientists endorse art as a great way of getting in touch with things that cannot be measured. His own company sponsors artistic events because they want to change people's behaviour.
- Art is inspiring and innovative. Science tries to explain and understand the wonders of the universe. A scientist without a sense of wonder is like a snuffed-out candle. If research really worked every commercial would be wonderful. But they do not all work. The ones you remember are the creative ones. Organisations may expect science, but what they really want is art.
- Is this the end of marketing as a profession? In 25-30 years time we shall all be computer analysts. We shall be members of the Computer Society, not the CIM. The contributor believes that above all marketing must have an element of fun and humanity.
- If you do something well it has energy and excitement and that is art. At the end of the day we are sparks of life and there is an expression of art in everything we do.
- Advertising aims to persuade people to do things differently. Bill Bernbach said that persuasion happens to be an art not a science.

Abstention/don't know

- The contributor was initially impressed by Sir Paul's reference to numbers and Colin Shearer's discussion of data analysis and data mining. In a recession people will look for value for money. But the creative side is very important. The brutal simplicity of creative thought will often highlight brand differences. He suggested that the balance between creativity and science must depend on circumstance and culture. Retail organisations are perhaps more dependent on science; government departments need creativity and imagination. He compared art and science to the blades of a pair of scissors. You need both of them. Marketing is a science and an art, as well as a trade and a profession.
- Britain is turning out huge numbers of arts graduates. Agencies turn out large amounts of spurious information. The contributor regretted that marketing often produced bad, i.e. made-up, science and bad art.

Summing up

Summing up for the Opposition Moray MacLennan acknowledged that he understands the wariness about creative types. These people attack the established order. According to Picasso 'The whole point is to disturb'. But he questioned whether organisations really want marketing to be a science. You should expect more magic not less in a recession. The situation requires magic – a creative spark. The sociological requirement in such an era is for the customer to follow a magical path. It will make you happy to follow magic and to be involved in creativity. There is a human need to dissect and understand. According to Oscar Wilde there will always be someone who wants to slit the nightingale's throat to see how it sings. "But", asked Moray MacLennan, "Wouldn't you prefer to hear the nightingale sing?"

Summing up for the motion Sir Paul Judge commented that the debate had shown a total misunderstanding of science. There is nothing in science against thinking. Science is the application of logical thinking – appreciating all that we have learned and all that has been achieved by standing on the shoulders of others. We have to listen to examples. For instance the Smash campaign reached only 30,000 people, but it cost millions of pounds in advertising. Organisations nowadays expect marketing to be a science. They want people to think logically. We must learn from the body of past knowledge. Marketing is about thinking, building on what we know. Science is a good thing and organisations expect science when they talk to marketing people.

The result

The motion was carried.

Next Debate

The next debate will take place on Monday 17th November 2008, sponsored by the Internet Advertising Bureau UK. Details from the Debating Group Secretary, Doreen Blythe (Tel: 020 8994 9177) e-mail: dblythe@varinternational.com