

Making The Shift: Transforming Marketing Through The Eyes of Change Agents in the Trenches

Scott Davis

ABSTRACT:

Today, many longstanding companies need to completely transform the way they do marketing if they want to respond to a rapidly changing environment and shifting consumer behavior and preferences. However, organizational inertia often derails the attempts of even the most visionary and seasoned CMOs. In this article, Scott Davis, Chief Growth Officer of Prophet and Author of *The Shift: The Transformation of Today's Marketers into Tomorrow's Growth Leaders*, has conversations with the CMOs of GAP Inc and Walmart, as well as the Sr. VP, Customer Marketing of NBC Universal Studios Home Entertainment Group. These conversations cover topics such as storytelling in brand strategy, the need to re-examine customer behavior around consuming home entertainment, and the rebirth of the local general store in a brand new way. What all of these leaders have in common, though, is that they are all driving effective transformational change within their organizations, and each conversation centers around the idea of keeping that change going in the face of a vast sea of challenges.

How do you define “change agent?” Is it all about lofty terms – someone who’s a visionary, who’s an inspirational force? Is it about being fearless, with a willingness to take risks (however calculated) to ensure the change agenda takes hold? Is it having a keen understanding of how the best of the old can shape the search for the new?

I hear it all the time among clients, within companies and at meetings. Everyone understands that if you stand still in today’s rapidly changing environment, then you’ll be choking on the other guy’s dust as you fade into irrelevance. The ability to get ahead, much less to transform, is today’s business imperative. But it takes change agents to lead the charge.

All too often, though, *stuff* gets in the way. The barriers of silos. Resistance to change. A shortage of the right skills for the challenges. And it’s hard to justify change when the business is chugging along nicely and meeting or surpassing its goals.

It takes visionaries to understand the need to strike the balance between the short and long terms. I’ve had the pleasure of conversation with quite a few of them as part of Prophet’s Change Agent webinar series. I’ve shared my conversations with the CMOs and senior leaders from Gap Inc, WellPoint, and Walmart below.

Seth Farbman, CMO, Gap Inc.

It’s been a long journey back for the Gap, but there’s a light that signifies it is finding its way back from both a leadership and relevancy perspective. Seth Farbman, Gap Inc’s first global CMO has been steering the brand’s transformation and helping it regain some of the authenticity that it has had over the years. He has been influential in really putting the Gap back on the global map as the iconic brand that it is.

Recent headlines speak to this. Financial performance has been trending up. It’s been getting kudos for creative marketing and merchandising – from the bricks and mortar launch of its hugely popular Piperlime online clothier to Banana Republic’s very successful tie-in with AMC’s *Mad Men*. Then there’s the inspired move to bring on Michael Francis (former Target CMO and JC Penney president) as its first marketing creative advisor. I sat down with him to discuss a few of these truly transformative marketing shifts.

Scott Davis: *How did you initiate the daunting task of transformation?*

Seth Farbman: We saw that transformative change

was going to be key to our growth and our success. So we did things that were at the time, a bit disruptive. But they were critical in turning the company towards the future. First we changed our perspective on what it means to be global. More than 50 percent of our earnings will soon come from the rest of the world. North America remains as a critical market for us. It's where we were founded. It's where our brand resides as an iconic American brand. But our growth was coming from outside the U.S.

We had to re-imagine what marketing really was. We were a 42-year-old brand that had lost our sense of purpose. And I talk about purpose a lot because, especially in an industry like ours, where you are changing your product from season to season, where culture and style shift on a dime, you need some immutable truths. And these immutable truths allow a customer to know what they expect when they walk into your store. We needed to go reinforce our sense of optimism, the power of the individual, and translate that into modern global marketing.

SD: *What were your first steps in implementing actual transformation into your brand?*

SF: We asked the question, "If Gap were to go away, what would be missing? What are our points of differentiation?"

We went to our core products. We were founded on denim. Denim stands for freedom, individuality and optimism. We changed the workplace environment when we introduced khakis in the 90s as the antidote to the uptight 80s. We changed the way people thought about casual American style with the white T-shirt. We've reintroduced denim. We reintroduced khakis. We reintroduced T-shirts. And we'll continue to do that time and time again.

But it's not just about the product. We also had to find out if our value system was still appropriate. And it very much aligns with American values. I've mentioned optimism and democracy and individuality. That's a pretty close alignment with America's best self. And then we asked, is that relevant for our customer today? We found that it was.

SD: *How are you transforming the Gap through its many brands?*

SF: We've focused very much on is something that Glenn Murphy, CEO says all the time, "Strengthen the strengths." We have a cross-generational multi-brand. We have Gap. We have Gap Kids. We have Baby Gap. We have Gap Fit, a fairly new brand. It is very difficult at times to avoid the temptation to, as we like to say, spread the peanut butter thinly and give each a little bit of love and instead go deeply into what we believe are our strengths.

We are very deliberate about where we're putting our resources, but ultimately being incredibly foundational. And this for me has been the main part. Don't try to be something you're not. Don't try to chase your competition. But, let's first start to be a very good Gap. Let's be a better Gap. And when we're the best at being Gap, we can figure out what's next.

SD: *What role does storytelling play in how you go to market?*

SF: Storytelling is at the core of my marketing philosophy. And I think that the richer the story, the more likely it is to be passed along. Not much has changed in a few thousand years in those terms. It's just the how. When I first came here, people didn't know that Gap, which had maybe started to feel like a faceless mass brand, was really run by some amazing experts in denim who were fascinating people.

So we told their personal stories and their stories about their passion for denim. We just created content that was engaging. One of our tech people talked about how you should really care for denim. And he said, "Freeze your jeans, don't wash them. It kills the bacteria, protects the cotton, and makes them better. Freeze your jeans." And that was the most passed along piece of content we had had in about seven years.

SD: *When you look externally for the partners that you want to go to market with, what are some of the selection criteria you use, and how do you define success?*

SF: Foundationally, you must have the same point of view on what marketing is. If one of you is 100 percent data driven and follows only the data only, and one of you just wants to tell the brand vision completely and hope for the best, it's not going to work. If you're not aligned philosophically on what good marketing is, then you're going to find the execution falling apart in the end. I also do the same thing I expect our consumers to do. And that's to ask trusted advisors. I really rely on personal recommendations.

SD: *How are you keeping transformative growth front and center within your organization?*

SF: Influence is critically important. There's no doubt about it. And the more matrixed an organization is, and we're fairly matrixed, the more complicated it gets. And any organization that really is addressing global growth will become even more matrixed.

What I've found is that you have to be extremely clear with what you're trying to achieve. Each one of your actions, whether it's a program or whether it's an idea, needs to in some way clearly ladder up to that goal. And you need to say the same things over and over and over again, because I find that people are looking for consistency. They want to see reliability and they want to be influenced. But, they want to make sure that you're not going to come back in three weeks and change direction.

Consistency is key. And I find myself at times I'm boring myself. I'm saying the same things. But, it does take that 10th or 11th or 12th time before people say, "I'm open to this now. And not only am I open, but I'm going to be part of the success. I'm going to make it happen."

Mike DuBoise, Sr. Vice President, Strategic Customer Marketing & Category Development, NBC Universal Studios Home Entertainment

Mike is responsible for the strategic direction of Universal Studios home entertainment category, management and customer marketing organization. His team develops Universal's movie initiatives with major partners such as Wal-Mart, Target, Best Buy, Amazon and the like.

And he's dealing with ensuring that the categories are effectively marketed, merchandised, and that shopper needs are served. He is dealing with an industry and category being transformed and shifting every single day.

SD: Can you share some of the challenges you've faced in the entertainment industry?

Mike DuBoise: We're facing challenges as a result of rapid change. One of the first challenges we're facing is device chaos. Technology has changed the way consumers interact with the category. We've gone from standard-definition movies to Blu-ray movies to now 3D movies. We have gaming consoles going into the homes in record pace, from PlayStation to Xbox, which not only gaming but allow commerce and movie-watching from those consoles, and the same with smart phones and tablets. And finally, it's the changing delivery methods -- whether it's streaming, video on demand, Internet video on demand, electronic sales.

The second challenge that we're facing is really around consumer transactions. The desire for movies is at an all-time high, but the methods of consumption are shifting. And the way the public consumes movies has huge economic impact on our business and our partners' business. So where we have growth of low-cost rental options from kiosks or streaming or free content, it's changing the landscape dramatically. But while we're facing those pressures it's really important not to lose sight of one thing in our business mode, and that's that consumers still love movies.

So our ultimate challenge is to focus in on the need to understand consumer behavior in a much more expanded context. We're really challenged to figure out how movies fit into consumers' entertainment choices and why, how we monetize that consumption, and how we influence and maximize different distribution methods. And we've got to recognize that while change in choice has led to fragmentation and changes in consumer behavior, it also creates new opportunities for us as marketers and distributors of movies.

SD: *And how are you applying the principles of Transforming the Work of Marketing to those challenges?*

MD: One of the things we've spent a lot of time doing is really studying a robust consumer segmentation to figure out how we maximize the profitability of our offering. Our business has been driven with a mix of ownership model and rental of movies, and what we're trying to do now is figure out how we maximize that overall portfolio. So for people who are going to buy, we want to sell you as much as we can. For people who are going to rent, we want to rent you as much as we can. And for those who do both, we want to understand what those switching behaviors are and how we influence the more profitable distribution methods when they make those switches.

We're redefining our value proposition. We're focusing on inspiring the value of ownership. We still need this business to be a mix of ownership and rental, and we're trying to figure out how we continue to have an ownership value proposition for consumers as it migrates to the digital. So we've embraced physical to digital as a gateway, and we're focused on anytime/anywhere entertainment, which is watched three ways. Whether it's on your television, on your computer screen, or on a mobile device, we're trying to create experiences that create more value and satisfy different needs.

SD: *How has the customer experience and/or purchasing journey affected your strategy?*

MD: We have a highly impulsive category. It's about half-planned, half-impulse. So how do we work with our retail partners to expand consumption in a highly-impulsive category? We've learned through research that many consumers are having a dissatisfying shopping experience, so we're spending a lot of time there. We've begun targeting beyond just demographics. We've really tried to figure out different consumer sets - where they get their information, what influences them, and how we can truly own that path to purchase or rental along the way and intersect and speak to those consumers along

that journey. It's no longer a one-size-fits-all message, so we're really working hard to stimulate and activate them in that journey.

We need to be where consumers are, whether that is on tablets, smart phones, the Internet, or at home on Internet-connected gaming consoles, Blu-ray players or televisions. We're working closely with our brick-and-mortar stores to activate consumers while they're in the store, on company websites and through social media. We're really working to have social, mobile and local marketing initiatives to activate that consumer and to leverage these new distribution options to really better satisfy their preferences.

SD: *Can you share some best practices you've discovered as you've implemented your transformative strategy?*

MD: As we've gone through this transformation around taking our consumer insights to the next level we've had three key tenets that really underline all the things that are on the page. The first tenet has been: if you want to go fast, go alone - but if you want to go far, go together. So we've really had to work to bring more people in. The second key tenet has been this preconceived notion of locking the door to insights. This business has been very successful for a long time, and it's easy to look backwards and work off the old playbook. But what we've found is with all this transformative change that's happening and the speed of the change, we've had to throw those old tenets out, go back and talk to our consumers and really make sure we understand what drives behavior. And the third key tenet has been that to drive transformation change, you have to both educate and inspire. We've tried to move beyond the realm of single stakeholders or even single disciplines. It's been really important for us, along with our key partners, to work together from the get-go to co-create the segmentation and insight work so that we own it jointly. We've gotten senior leadership on board from the beginning, and we've worked closely with the strategy groups, the marketing groups and the merchant groups from the get-go.

We had to ensure that the activation of new insights was easy. It's not the old KISS as we know it: Keep it

simple, stupid. It's really, "Keep it simple and shareable." How do we keep it simple and shareable and give people the tools they need to activate the consumers? And how do we identify short-term wins and pilot projects to help build momentum towards success? Those are really some the practices we've incorporated to help move along the segmentation journey and deal with all the change that we're facing.

Stephen Quinn, CMO, Walmart

Stephen joined Walmart in 2005, and became EVP and CMO in January of 2007. He is responsible for all aspects of Walmart's marketing efforts, including customer research strategy, program development branding, and customer communications. Prior to joining Walmart, Stephen worked with a number of blue-chip companies, and on their brands, helping them all to transform the work of marketing. And he is truly what I would call a marketing change agent.

Customer-centricity has been a cornerstone of Walmart's success; founder Sam Walton set that in stone from the get-go. But staying true to that mission is increasingly complicated in an environment that changes rapidly with economic forces, technological advances, and cultural shifts that affect the nature of customers' relationships with brands and heightens their influence over them.

Quinn has been a key agent for shepherding the change agenda, ensuring the giant retailer anticipates trends and responds in a way that is relevant and continues to provide experiences that matter.

Scott Davis: What are some of your best practices for transforming the work of marketing?

Stephen Quinn: Customer-centricity is really important. I think Sam Walton really imbued that himself, and it really permeated our entire culture here at Walmart. And so putting the customer at the center is really key to us. We ought to have a better understanding of our customers, all 200 million of them in America, and hundreds of millions of those around the world, in what's going on in their lives, because we interact with them several times a week, in most cases. As a

very visible company it's critical that we are viewed in a positive way from a social standpoint. And as a result, we embrace accountability and transparency. We study both the hard metrics of ROI, as well as the qualitative relationships that we see in stores.

SD: Walmart is by no means a young company. How are you changing alongside your customer?

SQ: I think everyone's aware of some of the demographics changes taking place, especially here in America. Households are becoming statistically older, more ethnic, and smaller. This affects numerous of aspects of our strategy. We have to continuously ask ourselves how we should be delivering real value to our customers, what should our real estate strategy should be, and what kinds of products people are going to want? We also are mandated to adapt to the notion of customer control. It's amazing to see how technology has empowered customers, and I think their motivation to really take control has grown along with that. And in many cases now, the customer knows more than we do about things like products and price, and that certainly represents a pretty big challenge.

SD: How are you developing marketing strategies that truly work?

SQ: By prove our price advantage, delivering an experience consistent with our mission, and through real-time marketing.

The best way to have a perception of low price is to actually have them. And so I make sure that we have knowledge about what is going on in pricing in the marketplace, and that we are, in fact, delivering a lower price. And our marketers need to champion that internally with our partners to ensure that low price guarantee. Then we have to market it on a customer level, and come up with an innovative method to make sure people know about our low prices.

I've got this notion of apps, not ads. Increasingly, the Internet and social media are proving the opportunity to provide people with true utility in some of the marketing that we hand over to customers. Think of apps that help

you shop a store better, such as grocery list making and budgeting tools. These are real value adds to customers. They're not just changing how customers think about our brand, they're providing utility. This is where real-time marketing comes in. Social and digital technology is creating breakthroughs in speed and cost of marketing possible now, in a way that they really never were before. And that's allowing us to really focus on delivering value at a local level for customers.

SD: *Tell me a bit about your digital marketing strategy. For instance, you recently launched 3500 new Facebook pages for local stores.*

SQ: We are doing a lot to adopt social, local, and mobile technology strategies, what we're calling SoLoMo. We're expanding our Facebook presence, making sure that our Facebook communication with customers is two-way, and ensuring that there is a real local relevance piece to that communication.

A lot of the ideas that social media is bringing forward are ideas that have been around for millennia. For example, in retailing, being locally relevant was kind of always the core of success. A hundred years ago, you would walk into the town general store, and that retailer would know you and your preferences. They would know what kind of merchandise you liked, what kinds of things you didn't like, and things that you would like to try. Knowing your customer at a local level and customizing your business to that has always been a part of retailing. Facebook is like the ultimate customization vehicle.

What's so exciting about SoLoMo is that it's going to make the general store era possible at scale. We can have a store that's five miles from another store be a little different based on the customers that are being served there, and we can interact with those customers in a social way, just like that old general store a hundred years ago. It's not necessarily a new idea, but the technology is advancing so that you can do things at scale that you just could never do before.

SD: *In this rapidly changing environment, do you think the fundamentals of marketing have changed, or*

is it simply how the fundamentals are being delivered that has changed?

SQ: I think that the what, the fundamentals, are actually very much the same. I think the how has changed dramatically. But the fundamental questions such as, how close are you to your customers, do you really know what goes on in their lives, how good are you at positioning your products to meet real needs that customers have, those questions are still the most important to ask. It's the how you find that out, and then how do you deliver against that, is just what is changing at just an unbelievable pace.

SD: *How are you ensuring that your transformative marketing strategy expands throughout the Walmart infrastructure?*

SQ: We have to stay coordinated across our vast ecosystem. Most companies, as they become larger become very good at managing vertically within functional silos, and almost always need to get better at managing horizontally across silos. And increasingly for us, managing horizontally needs to include our vendor base, the people who make the products that end up being consumed by our customers. And our customers need to be included in that equation as well. We have companies in 22 different countries. For our global systems to have scale, we need to be very effective, but in the end we have to have an impact at a local level or they're really not going to change behavior of customers. You have to ask yourself how you can scale, but also be impactful at a local level. We do it through a one-team approach, with one mission. But it's a skill that we all work at building as marketers and as business leaders.

The fact is that transforming a business is really hard work. It's not always widely understood that change – and often, significant change – is in order for the business to continue to grow and succeed. Organization inertia can be very difficult to overcome. Build a facts-based case and a call to action to help garner the buy-in that's necessary.

Transformation is too big a charge to be led by a single person. Similar to making a case for change, the importance of bringing allies in from unexpected places – both inside and outside the organization – cannot be over-stated if you are truly trying to drive big change. ■

About the Author

Scott Davis is the Chief Growth Officer at Prophet, a strategic brand and marketing consultancy that helps its clients win in the marketplace. For more of this thinking on change agents and transforming the work of marketing, follow him on Twitter or subscribe to his blog on the Forbes CMO Network.