



Boldly go – into The Matrix

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Shoulders of Giants

This is a very personal view of where I think the digital age is taking marketing in the next ten years. No single view of the future is ever 'right'. However, a consensus of smart people, the wisdom of a wise crowd, is often fairly accurate.

What is unarguable is that if you look back, you can normally understand where the change came from, even if neither you nor the wise crowd could have predicted it 30 years ago.

Let us first use our memory go backwards, not forwards, to when I first started in marketing 30 years ago.

The popular TV show at the time was *Star Trek*, the cult film was *2001 A Space Odyssey*. But in the real world IBM ruled. In fiction, we saw Captain Kirk using a handheld 'fazer' device to communicate, and we saw the crew of the Space Odyssey consult an omniscient computer that could tell them anything about everything (voice activated, no keyboard),. Meanwhile, we went to work and were told we were not senior enough to get the access codes for the IBM mainframe computer. So we looked things up in books and files, and figured it out using pencil and paper and a slide rule, or calculator if we had one.

But we understood marketing. Procter & Gamble had kindly written it all down in its fact books. We knew how to launch or relaunch a brand, how to brief an ad agency, the difference between 'quant and qual' research, how to divide our marketing spend between above and below the line (60:40) and how to divide the above-the-line spend between the available media – TV, press and posters. And it all worked, for a while.

If someone had said – and be quite clear, no one did – that in 30 years' time everyone would have the *Star Trek* communication device and that it would be able to connect to the equivalent of Hal, the big database in the sky, we would have been a little incredulous, to say the least. If they had predicted that IBM would be unseated by a software company we would have been sceptical – even more sceptical if they said that the software company would itself be overshadowed by a search engine. Not many of us knew what software was, and no one knew about search engines because the web was 20 years away.

So what I am about to say is likely to make many of you incredulous and sceptical. Remember the film, *The Matrix*? Welcome on board – that is the kind of world we are entering.

WINDOWS TO THE 'CLOUD'

Everything in the world, every idea, book, opinion, artefact, tool, piece of software and every one of you will be digitally coded and on the internet. And all of this will be available to anyone, anywhere, anytime. It will all exist in the 'cloud'. Every device we have will be merely a window into the cloud – and this will happen in less than ten years.

The scene in *The Matrix* where Trinity has an urgent need to fly a helicopter and asks for the program to be downloaded into her brain will not seem fanciful, in exactly the same way as Captain Kirk's 'fazer' does not seem fanciful now. It just seems so badly designed – the iPhone is much prettier.

The internet already allows for every piece of online marketing to be measured and precisely valued. We can understand what people do, although we still do not entirely understand why. In ten years' time we may not entirely understand how the brain works but we will understand vastly more than we do now.

Marketers have long been considered 'mind manipulators' with the ability to make people buy what they do not want or need. Given most marketers' understanding of human behaviour and how the mind really works, this is laughable. It won't be so laughable in ten years' time. DNA was cracked in our lifetime. The working of the human mind may not be 'cracked', but it will be much, much better understood.

A MASS OF PARALLEL MARKETS

The short history of marketing is based on a very imprecise understanding of human behaviour. It has developed in a 'mass culture' world, a world of limited media and distribution where the dominant mindset was B to C. Big bets had to be made with long time lags to reach an imperfect understanding of what worked and what did not work. Which is why trillions have been spent on market research to overcome this, to try to de-risk the process.

The new world will be – and already is, in places – very different. There are no mass markets only a mass of parallel markets, to quote Chris Anderson. One-to-one marketing was ahead of its time. Now every market can and will be seen as an aggregation of every individual purchase experience, to quote CK Prahalad. Every business will be able to satisfy and enhance consumer experience by drawing on resources way beyond those they actually own.

On the heels of such bold and outlandish predictions, it is worth noting that predictions, especially those based on the consensus of scientific opinion, are more often right than wrong, with one small exception – timing. However, the reality of Moore's Law and an accelerating pace of technological development means that we are talking about the next five to ten years not 30 years.

THE LAW OF UNANTICIPATED CONSEQUENCES

There is a counterpoint to all this. Often, advances in technology have not created the world exactly as predicted. When VCRs came on to the market, it was predicted that we would live increasingly isolated lives as we all watched *Coronation Street* at different times and so lost the ability to converse socially around the latest storyline. In fact, it created the home entertainment market where we enjoy watching the latest DVD together with our family and mates. We now know that the average young male (this is nothing to be proud of) spends more time on the computer and the internet than he does watching TV. But he still watches sport with his friends and they game in big online communities.

So the kind of changes described above do not mean we will develop a totally fragmented, niche, individualistic world. We will use technology as much to connect us (e.g. texting, Twittering and blogging) as to satisfy individual needs and pursue

individual goals. So there will still be high demand for brands, entertainment and news that appeals to the many not the few.

But there will be equally high demand, indeed expectation, for the customised and niche offers that we have until now largely been denied by the laws of mass economics. So it will be a both/and world. Much of what we understand – like the power of a great story to inspire all of us – will endure but it will co-exist in a world of effectively one global brain where a million stories can be told at once and only the best will be passed on.

WHAT DOES ALL THIS MEAN FOR MARKETING?

1. Marketing as we have known it will cease to exist. It will dissipate into other more precise disciplines (in much the same way as sociology looked at closely becomes anthropology, geography, philosophy, politics and economics). Most of what we think of as marketing today will divide into design and communications.

Design will seek to use all available information and resources to create products and services of value. Communications will seek to make it available and make people aware. (I was really pleased with this insight until I read Stephen King's paper 'Has marketing failed or was it never really tried', and realised he made this prediction in 1985.) There will probably be disciplines we do not even have a name for yet.

2. Market research will also cease to exist in its current form. There will be applied intelligence and experimentation. If the designer (or design team) can find out anything they need themselves, why do they need researchers? If consumer behaviour can be understood, measured and attributed to a cause much more effectively (not perfectly) then it becomes analytics and just a sub-set of applied intelligence. If you can experiment and test market prototypes, why would you research concepts? If you can test what people actually do, why would you ask them what they think they do?

3. In the best companies, there will be no silos between strategy, creativity, research (intelligence), production, media, distribution and tactics (sales). It will work as one seamless team, often in real time if the product or service is digital.

If this seems a bit hard to grasp, just look at how any internet business start-up works. You can separate out programming to a degree, but that is it. Everything else works as one. The founders are the strategists, researchers, producers, distributors, media buyers etc, all rolled into one. You do not design iTunes or MySpace and then think about marketing it. Its design is its marketing and its distribution is its media.

4. Every marketer or designer or communicator will be a niche marketer. There will still be big popular successes – the 'I'll have what he or she is having' world will continue. But we will also expect to have anything we want the way we want it. The curtain will get rolled back slower in some industries than others. But it will increasingly make no sense to be able to configure so much of our lives the way we want and yet be given only limited choices in others.

This will be given a big push because there will be less profit margin in the 'big successes', so we will have to make money from fragmentation and satisfying niche demand. You can see this now in music, movies and books – you will see it everywhere very soon.

5. Thankfully, true creativity will dominate. If everyone has the same set of Lego bricks then the value lies in how you assemble the bricks. And that is true creativity. Sound crazy? Remember the iPod – all the same technology just assembled more creatively.

6. And so will story-telling. I must give credit to Dan Wieden for this. He wisely points out that the essential part of our culture – the part that has endured and will endure – is our ability to tell stories. A brand is a story and if it is a good story it will have a message, it will be authentic and it will entertain. But the story will not work simply by association, the way it does today.

Brands have, up to now, successfully attached themselves to stories. That has worked because this is how the brain stores memories – by association and reinforced by consistency. But it will not work as well in the future. In the future the brand will have to act out the story – it will have to *be* the story.

7. The line between online and offline will be blurred. Today we draw a line between online and offline, between products or services that are digital and those that are in some way physical. That line will blur in the same way that the line between above the line and below the line has blurred – just as we have stopped thinking about products and services as separate and just as we have stopped thinking about geographic boundaries.

Every business will be digital, online businesses, and they will be global in terms of their reach, if not their personality – and they will be transparent and accountable.

8. Logic will allocate resources to magic. Marketing is magic and logic. Magic can lead to logic but not the other way round. However, improved logic, the hugely enhanced ability to measure everything, will allocate attention and resources to the best magic much more efficiently. So the magic better be very good.

Put very simply, away from the internet, it can take years to discover how magical your new brand idea really is. In the very near future you will be able to know much more quickly. New ideas will be able to take root faster and be upstaged just as fast. Innovation will come of age as the sine qua non of business, not merely a business activity.

For a long time I have been asked the question 'If I want to get into marketing, what are the best companies or industries?' When The Marketing Society was founded and when I came into the 'business' the answer was Procter & Gamble (and later Unilever) and fmcg. For a long time it has been much less clear – Nike or Tesco?

My advice now is very simple. Start in product design or online digital businesses like Google. That is where you will get the best experience for the *Matrix* world we are entering. If you want to learn about leadership, don't be a brand manager, be an online gamer. That will teach you the new rules of leadership.

It all sounds a bit far-fetched now. But it is not as far-fetched as today's world would have sounded to me or any of us 30 years ago. And this new world, however it turns out, will be upon you in less than ten years.

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