MARKETING, ECONOMICS AND THE 'NEXT BIG THING'

WHAT NOW?

Economics is a funny old game. It's half science, half voodoo - a lot like marketing. Economists sort the news from the noise to spot trends, find opportunity and paint a picture of the future.

So we got to wondering how economic theory might play out in marketing.

What commodities are we trading? How's the market holding up? What's hot? What's not? And what's the 'next big thing'?

WHY MARKETING AND ECONOMICS?

Economists look for patterns in the way we trade commodities. That's stuff that has value because people want it - like money, gold or oil. They're worth more if there's not much around and worth less if there's plenty of it. The theory is that economies will fight to find balance on a seesaw of supply and demand.

While that all makes sense, it quickly gets confusing when you mash a bunch of stuff together. Confusion creates noise, noise creates hype and economies get blasted around by events and emotion. Less seesaw, more multi-dimensional roller coaster. Economists sort the wood from the trees to try and find trends in the chaos.

To give that a go, we've explored five different 'marketing economies': **financial, attention, connection, efficiency** and **reputation**. They all have opportunity (some more than others). So we've taken them one by one. **What's working? Who's hurting? And where are the next big bets?**

EXPLORING THE FINANCIAL ECONOMY

The fundamental purpose of marketing is to create a moat of value around the stuff we sell. If there's less money in the economy, there's less water to fill that moat.

That's why economic downturns have an immediate impact on marketing. Some drop price to beef up sales, others re-think product, from nice-to-haves to can't-do-withouts. Many switch promotional tack from long-term brand to short-term spikes.

Whatever the tactics, **cash is the commodity**. And with less of it around, we value it more.

That means everyone runs a ruler over everything to feel confident that every cent is money well spent. In an industry that places bets for a living, this can slow things down.

Where's the win?

From economic stand point, the win in a recession is **investing where other people aren't.** It's how you'll get a better bang for your limited bucks.

EXPLORING THE ATTENTION ECONOMY

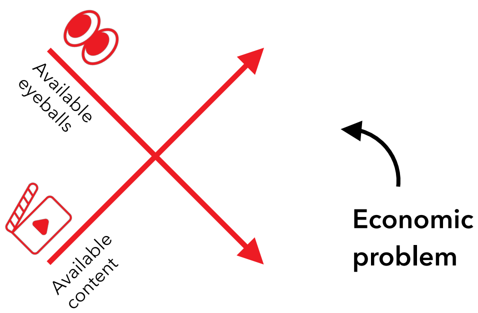
The attention economy has always been the life blood of media and advertising. Media companies make cool stuff to attract audiences - and they fund it with cash from advertisers who crave that audience attention.

"We interrupt this programme with a message from your sponsor".

It's a simple model that works. Better content gets more attention. More attention makes more money. The cash rolls in, content gets better and the sponsors buy more eyeballs. It's the perfect money go round.

But the money isn't going round anymore.

Five billion humans on social platforms are micro-media companies of their own. So we have less attention we're willing to share and many more places to share it.



The oversupply of content drives the market to make stuff cheaper. But the scarcity of attention turns people away from cheap stuff. Less attention means less good stuff.

It's not a great cycle. And it's not over yet.

Where's the win?

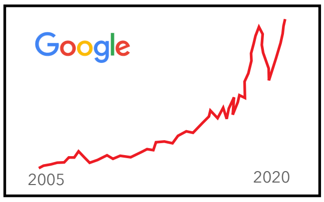
The win in the war for attention is to **do less stuff, better.** If the commodity is time (or attention) investing in content people choose to spend time with will increase the value of the content you make.

EXPLORING THE CONNECTION ECONOMY

Another big change in this century was when the internet starting connecting things. People to people, buyers to sellers, answers for people who Seek. These networks and the platforms that foster them have changed the game in all kinds of ways.

Early adopters were in retail: E-bay, Amazon, TradeMe and the like. No big deal for marketers - similar model, different shop.

The bigger disruption was Search. We now have a way to find anything we're looking for in a click. It's a free service with keys to every cupboard in the world.



That's why Google jumped from nothing to King of the World in just 15 years. And why **20% of global advertising cash is now spent on Search.**

80% of *that* is spent with Google. The other challenge of platforms is ubiquity and monopoly. The big are too big for small players to compete. That's because platforms get better the bigger they are. Success to the successful.

But **the commodity being traded is connections.** And any business with customers has a stack of those already. We can't compete on big volume clicks, but we can build value in the connections we own. Not by mining the base as a sales channel but by making the effort to grow valued relationships.

Where's the win?

The win in the connection economy is to i**nvest in direct connections with customers.** Time and money spent growing existing connections will always deliver more profit than chasing new ones.

EXPLORING THE EFFICIENCY ECONOMY

Time is also a valuable commodity. We discuss it in the language of cash. We 'spend' time, 'save' time, 'invest' time and sometimes we waste it. Everyone is more aware than ever of the opportunity cost in everything.

So, if time is the commodity, how do we mine it? It's easy, we make stuff simple. Uber didn't grow because it's cheaper than cabs. **Uber disrupted the taxi market because it's easier.** Same deal with PayWave and Maps and Music. **If you can get something done in fewer clicks, there's gold in them there hills.**

Marketers know this only too well. It poured fuel on the fire of the X-Industry. UX, CX, any X will do. Armies of experts chasing one click journeys and frictionless sales.

The challenge of chasing efficiency is that everyone's doing it. And we all design to the same rules for the same global operating systems. So any investment in the admin of 'easy' is an arms race of business hygiene rather than a real competitive advantage.

Where's the win?

The obvious win in the efficiency economy is making stuff simple. It's about **noise-free comms** and **quick-click customer journeys**. But the disruption sits in building genuinely simple, **customer-centric products**.

EXPLORING THE REPUTATION ECONOMY

Reputation is the next big thing. It's always been a big thing. But the shifting sands of media and tech put it right back centre-stage.

We have robots making content, machines curating news feeds, and governments spinning stories of splintered opinion and cherry-picked fact. **Nobody knows who to trust any more. And humans don't like it.**

Trust is the new gold. And we're seeing it already. Movies with the most likes get the biggest sales. Homes with the best reviews get the most bookings. Brands with the best reputations get loyal, profitable customers. **People spend more with people they trust.**

So what is reputation? It's what people think of you when you're not around to influence them. It's easy to nudge opinion with well-crafted comms or kick-arse UX. It's harder to leave a lasting impression that matters.

The secret is consistency. The challenge is time. The hard thing about growing reputation is that it takes time and it's tough to measure. And in our frenzy of counting clicks and optimising funnels, we're not used to measuring momentum over time.

Where's the win?

Focus on the boring stuff. **Consistency, delivery, generosity and authenticity**. The same stuff that makes people like you as a person will make you more money as a brand.

The **financial economy** is sliding underwater. It'll come right, but may take some time. That's why we're seeing resets throughout the industry.

The **attention economy** is out of control. Disrupted by a digital clickmageddon and globalisation of content. It may come right, but it won't look the same.

The **connection economy** has settled into monopolies. It thrives on scale so the big will get bigger and the small can only win with their own connections.

The **efficiency economy** is also trending monopoly. Great UX is table stakes and true innovation is a global competition.

The **reputation economy** is the next big thing. **Trust is the new gold.**