

## TABLE OF CONTENTS

**Welcome****Marketing 50 Summit Highlights** 4

The conversation continues at the second Marketing 50 Summit, held June 7-8, 2005 in New York City. This section features highlights from the discussions.

**Album** 16

Memorable scenes from the Summit.

**Spotlight: Making Innovation Work** 24

Tom Kelley, general manager of innovation strategy firm IDEO and author of *The Ten Faces of Innovation*, discusses how executives can drive creativity.

**Stimuli: Emotion Is Not the Opposite of Reason** 28

Jonathan Knowles of international brand consulting firm Wolff Olins addresses the relationship between reason and emotion.

**Q&A Session: Innovation from a Venture Capital Perspective** 30

Marketing 50 asks Randy Komisar of Kleiner Perkins Caufield & Byers and Geoff Yang of Redpoint Ventures about the changing media landscape and what startups can teach us about innovation.

**Viewpoint: How to Delight Customers** 34

Marketing 50 member Susan Thronson of Marriott International Inc., and Mark Stevens of Siebel Systems Inc., offer their opinions on customer relationship management.

## STIMULI

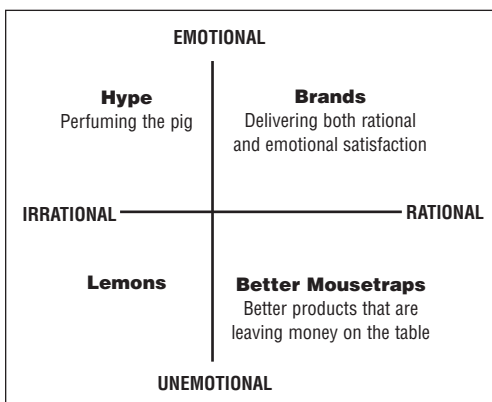
One of the reasons the value of marketing is sometimes questioned is the implicit assumption among business people that emotion is the opposite of reason. Viewed from this perspective, the role of marketing is to provide an emotional distraction to cover up for some functional inadequacy of the underlying product or service (a tactic known as “perfuming the pig”). The same mindset is also manifested in the belief that superior products and services sell themselves and do not require marketing support—the “build it and they will come” mentality.

The strategic role of marketing cannot be understood until this false juxtaposition of reason and emotion is revealed. The opposite of rational is irrational. The opposite of emotional is unemotional. Reason and emotion represent different—and equally salient—dimensions of customer utility.

Reason focuses on the transaction and asks if a product or service meets needs on a technical and intellectual level. Emotion focuses on the relationship and asks the more visceral question: “Is this right for me—and true to me?” Creating superior levels of value requires defining what the product can do for customers as well as what it means to them.

The value of emotion is intuitively obvious to marketers, but sometimes less so to those in other disciplines. Finance or operations, for example, are environments in which emotion is associated with a lack of objectivity. In environments where performance can be expressed in “hard” terms, such as cash flow or throughput, it is understandable why emotion is generally mistrusted.

Seizing on marketing return on investment as a “hard” metric for marketing misses the point. It addresses the narrow issue of marketing efficiency without addressing the bigger issue of where and how the business creates value for customers.



The ability of brands to speak to both the rational and emotional needs of customers is of particular importance in a business environment where quality has become commoditized. The widespread adoption of total quality management and Six Sigma has so narrowed the quality differential between most products and services that it is increasingly difficult for customers to identify the “best” product in a purely technical sense. The pur-

## Emotion Is Not the Opposite of Reason

chase decision is no longer about eliminating bad products—known as “spotting the lemons”—but rather about answering this question: “Since every one of these products meets my requirements, how do I choose between them?”

Answering this question involves seeing the business from the customer’s perspective. It involves understanding that customer value can be created from both rational and emotional sources and seeing the product or service in the context of the wider set of situational and psychological needs of customers.

“Solutions for a small planet” was a brilliant articulation of the benefit of IBM’s size at a time when the business world was spooked about Y2K. Similarly, “imagination at work” is a powerful expression of both the rational and emotional dimensions of General Electric’s organizational restructuring to better match the nature of its clients’ needs.

Used in these ways, brand strategy becomes a powerful vehicle for delivering business strategy. It enables companies to communicate both their functional competence and their psychological permission to address the needs of their customers.

Reebok bottled water serves as a cautionary tale of the dangers of misunderstanding the competence and permission that you enjoy as a brand. The belief that Reebok’s brand equity existed in the broader realm of health and fitness—rather than sneaker design—made a brand extension into bottled water seem like a logical move. Consumers, who held a narrower view of Reebok’s equity, failed to see the attraction of drinking water from a sneaker and the rest of that story is history.

Clarifying the role of emotion as a complementary source of customer value to reason allows marketing to make its full strategic contribution to the business. It also creates a focus on the toughest “stretch goal” for management, namely answering the question, “What is the customer basis for delivering outstanding growth and profitability of our business?”



### Bio

**Jonathan Knowles** is senior strategist with brand consultancy Wolff Olins. His work embraces the strategic, financial, and creative perspectives on brands.