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Article

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Purpose-Driven Marketing



“If you have no interest in purpose, make sure your product is a killer!”

The current edition of the Marketing Review St. Gallen clearly shows that the topic of “Purpose” can at least be described as controversial. To reflect on the pros and cons of purpose-driven marketing, our doctoral research associate Martin Berger talked to an international expert in the field, Steve Walls. Steve has spent the last 25 years helping some of the biggest businesses on the planet better prepare for the future. These include Johnnie Walker, Smirnoff, Ford, Blackberry, Singapore Airlines, Lexus, JetBlue, Unilever, Audi, Nestle and many more. A belief in planning for the next quarter century, rather than only the next quarter, has seen him working in London, Singapore, Sydney, New York, Detroit and Toronto before finally laying down roots in Zurich, where he consults on brand strategy, innovation and reputation.

The interview is conducted by Martin Berger, M.Sc., Research Assistant and Doctoral Student at the Institute of Marketing, University of St. Gallen

We have been hearing a lot about being a purpose-driven business recently, especially in connection with marketing. What is your view of the ongoing discussion on the purpose of a firm or, more precisely, purpose marketing?

Pick up any advertising industry magazine, or, worse, scroll through any of the seemingly endless supply of LinkedIn articles by advertising agency planners, and you'd be forgiven for thinking that (after climate change) a lack of corporate purpose is the single most pressing issue of our age. The sheer volume of opinion on the matter is overwhelming, though the diversity of opinion is somewhat lacking. Therefore, it may come as a slight surprise that in most recent client surveys "purpose" isn't a pressing issue. Take for example the LSA-/SWA-Branchenindikator 2020, which asked marketeers to list the issues that would be at the forefront of their minds going into the new decade. They listed:

- the worrying decline in addressable audience (especially in the 18–34 demographic),
- issues around data-driven marketing – from compliance through to weakness in one-on-one messaging,
- navigating the move from an age of interruption to the age of invitation,

- the proliferation of new channels and the lag in agency knowledge around how to best use those channels,
- issues around organizational structures and roles throughout a period of digital transformation,
- the time cost of getting up to speed with marketing automation and the physical cost of getting programmatic advertising right,
- the struggle to recruit internal and agency expertise around new skills.

But, interestingly, they did not mention purpose, or purpose marketing a single time.

Do you have an explanation for that?

Purpose has become today's strategic Holy Grail for marketing agencies – this decade's Big Idea, Big Ideal, Big Fish, Big Money Maker (just think about all of that juicy workshop revenue). To put it short: Purpose is what many agencies, consultancies and coffee shop-based freelance strategists are planning to sell in 2020.

If I understand you correctly, agencies are trying to sell their customers something they do not need? If so, what is their argument or selling point behind purpose projects?

The argument for purpose goes something like this: "Purpose is necessary as it drives consistency of behavior. It's no longer enough that your communication is cohesive, the message needs to run through all that you do as a company."

Steve Walls
Strategy Consultant



The simple argument here is that there's no point being out there talking about how you value the input of women if the news in the world features female whistle blowers talking about constant sexual harassment in your boardroom. People no longer only see the ads – they see everything. And so, everything that you do needs to be aligned, consistent and driven by a set of values that the company actually lives, from the CEO through to the call center operative. These days, the best communication in the world isn't going to help Uber, WeWork or Under Armour who find their values, behaviors or associations under constant scrutiny. And, of course, that consistency of action is useful for the communication, too. As the number of channels fragments, as digital media makes it harder to tell a lateral story and people start to see only fractions, fragments and retellings of what used to be campaigns, the need for a central narrative that drives consistency has never been stronger. Call it "Living your Purpose", call it "StoryDoing", call it "A Values Spine" – what agencies want more than anything is for the world to be simple. A world where the story that they're telling in communications isn't messed up by the behavior of the company in the boardroom. At this point the agency will rattle off Red Bull, Nike and Apple as examples of purpose-driven companies – though tellingly they will all have different versions of what they believe the central purpose to be.

In your opinion, why haven't companies realized that? Aren't there any good reasons for companies to pursue their search for purpose?

Don't get me wrong here, there are a few arguments for that apart from the standard agency reasoning I just mentioned. For instance:

Tribalism

The promise of the internet was that we would all be better informed and more tolerant and understanding of each other as a result. But, of course, the reality was different. Rather than being better informed these days we are merely more certain (about everything) than we have ever been in history. We have splintered into opinion ghettos and erected digital walls to keep out all but those who pass our 'purity tests', a select group of family, friends, influencers and brands allowed into our feeds.



This new reality, an audience walled off by its beliefs and prejudices, has led to the explosion in influencer marketing (with brands happy to pay big money to be a Kardashian's 'plus one' into a million social feeds).

Purpose offers an alternative to an over-reliance on influencer marketing. The idea that a brand can make it into an opinion ghetto by proving that it shares the beliefs of those inside that ghetto is an appealing alternative to the 'money in a brown envelope' currently being pursued by so many.

Here purpose gives you a genuine tie to a community. A chance to connect at a level deeper than association with a celebrity, to be more than just a product in a repertoire. To become a brand that customers buy into, not just from.

Gravity

The addressable advertising audience is shrinking as people skip, block and opt out of marketing communication. Premium services sell themselves on the idea of being "ad free" and it's the most valuable audiences that are disappearing first.



What this means, of course, is that there are fewer people coming in to the standard marketing funnel at the top, putting pressure on CMOs to improve efficiency through the funnel – just to stand still. But you can only optimize and re-optimize yourself to hit goals so many times before the sheer lack of customers coming in to be converted becomes insurmountable.

Agencies are using tactics like creating viral content that people want to share, controversy to get into news cycles or sponsoring something that fuels passion (think Mercedes and e-gaming), all in order to try to get around the fact that the audience for what they do is drying up.

And then there's gravity – and that's where purpose comes into play. Gravitational brands have their own pull. They don't have to go out and look for audiences because their presence brings audiences toward them. That gravitational pull, the argument goes, comes from a brand representing a moment or movement in culture, a brand sharing the values, mission and ambition of a cause dear to the hearts of a committed group. Get it right and people will want to know what your brand has to say on a given topic, will seek out your response to issues, will subscribe to see what you have to say before anyone else. Get it wrong and

you're Pepsi turning #BlackLivesMatter into a white girl's street party. Purpose can give you real gravity. But it's fraught with risk. If what you really have is a purpose patch, a point of view crafted by consultants and executed only by ad guys, then you are going to get it seriously, seriously wrong.

Coherence & Compliance

A clear purpose from a company helps mitigate against disaster. It tells employees not only what to do, but very clearly states what they should never do. It sets the guard rails high against misinterpretation and miscommunication. Purpose helps you draw a clear boundary around behaviors, which in turn makes it easier for the dozens of companies employed throughout your funnel to do what's right and avoid disaster. It's the modern version of a style guide, but instead of talking fonts and kerning, it talks ethics and acceptability.



From your experience, are companies with a clear purpose or mission performing better than their competitors?

Clients that have a genuine purpose, a tangible mission that they're determined to achieve will do better than the people in their category that don't.

Research carried out by Co:Collective in the US shows that companies who organize themselves around a mission or purpose have higher annualized growth rates, lower media spends and generate greater volumes of positive social media mentions as a result. More for less.

So if you are NASA trying to put a man on the moon, Tom's trying to put shoes on the feet of poor children, Tesla trying to destroy the carbon economy, JetBlue trying to bring real service back to air travel or GoJek trying to find ways for everyday Indonesians to earn an honest living then your genuine purpose is an asset. It will drive your actions and you will have a better chance of success as a result. But note the word "genuine".

All of the companies above are manifestations of a founder's desire to change the world. Their purpose, cause, quest, mission, reason to be is in their DNA. It is the reason that the company exists. None of the companies above got their purpose from a management consultant, a workshop

filled with scented markers and colorful voting hearts or from any third party contractor.

And if you did get your purpose from one of those sources we'd wager that you don't have a purpose, you just have a PowerPoint deck. An ugly PowerPoint deck. That cost you six figures.

In other words, it does not matter if your company has no clearly defined purpose?

In almost every category, the leading brand is one that's driven by product, not by purpose: Amazon, Apple, Alibaba, Netflix, Toyota, Gillette, CocaCola, Shell, Allianz, Walmart, Johnson and Johnson, Nestle, Boeing, Pfizer, Facebook, Oracle, Microsoft, UPS, Fedex, Hyundai, Hitachi, McDonald's, HP, Diageo, ABB, Canon, PayPal, Heineken, Tata, WeChat, Xiaomi, TikTok, Samsung, LG.

Make something great and people will still buy the What, even if they don't know the How or the Why of it.

Summarizing, what would you recommend to marketers or managers in general that are worrying about their purpose statements and/or purpose-driven campaigns?

If you have a driving purpose, a quest that your company is on to change the world, then good for you. You've given yourself a better shot at success.

"Clients that have a genuine purpose, a tangible mission that they're determined to achieve will do better than the people in their category that don't."

If you don't have that driving purpose and you feel that you need one, to motivate, inspire and set an internal direction then by all means look for one. But do it yourselves, don't ask a third party to define what you believe for you. It just won't work.

And if you have no interest in purpose, that's cool too. As long as the product or service you're providing is a killer. There's room out there for Tom's & Tesla, for Toyota & Telstra. Don't let your agency tell you otherwise. 🚩