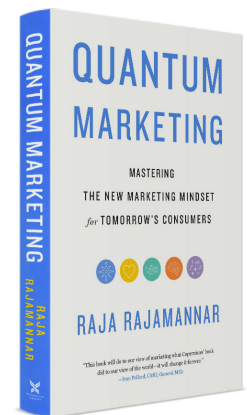


Quantum Marketing

Mastering the New Marketing Mindset for
Tomorrow's Customers

by **Raja Rajamannar**



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THE SUMMARY IN BRIEF

As technology has evolved in the last several decades, marketing has had to change with it, evolving through four significant stages that build on the strategies and tools of the previous era. What happens next in the fifth stage, or Fifth Paradigm, will not be an evolution but a revolution.

Almost everything about how marketing is done today, including the very notion of a brand itself, will require a complete re-imagination. In *Quantum Marketing*, Chief Marketing Officer of Mastercard Raja Rajamannar shares the forward-thinking ways all businesses must rethink their entire marketing landscape to remain relevant and be successful.

Quantum Marketing is for all business people who seek to understand how rapidly marketing is evolving, what some of the smartest people in the discipline are doing to get ready for this dramatic shift, and what the new world will look like for companies, consumers, and society as the race to develop revolutionary marketing strategies reaches a whole new level.

IN THIS SUMMARY, YOU WILL LEARN:

- To reset the mission of marketing in the Fifth Paradigm.
- To mobilize data and technology through Quantum Marketing.
- To embrace brand karma and operate ethically.
- The key features of a Quantum CEO.

Introduction

Currently, marketing is in a crisis. A large number of blue-chip marketing companies are fragmenting the 4 Ps of marketing (price, place, product, and promotion) and distributing them across multiple areas outside of marketing. Many companies are cutting marketing budgets year after year, while reducing full-time employees in marketing continually, even laying off entire marketing departments.

Many CEOs don't see value in marketing or the value that marketing is bringing to the table, and marketers' presence at the CEO table continues to dwindle.

However, marketing is entering its most exciting inflection point ever, the Fifth Paradigm of Marketing, or Quantum Marketing. New technologies like artificial intelligence, augmented reality, 5G connectivity, the Internet of Things, smart speakers, wearables, and blockchains are poised to transform consumers' lives and potentially take marketing's impact to entirely new levels.

The entire function and discipline of marketing can leapfrog toward astonishing levels of consumer insights, real-time interactions, and hyper-targeted, hyper-relevant consumer engagement. Never has the marketing toolbox been more powerful than now. And the ability of marketing to drive business results in the face of brutal competition is not only extraordinary but vital for a business's future survival.

In this kind of a fiery cauldron, companies need a total reboot of marketing to succeed and thrive. Quantum Marketing is about reinventing, reimagining, and reinvigorating marketing, to make it an even stronger force that drives the business momentum, i.e., to be a real, demonstrable force multiplier for any business.

The last five years have seen more change in marketing than the previous 50. And the next five years will outpace all of them put together. It is both exciting and daunting.

Marketing's Journey

We've moved through four paradigms of marketing. The First Paradigm was driven by the product as hero, based on the simple premise that consumers make logical purchasing decisions. Marketers had a defined purpose and a simple strategy: Make your product better than your competitors. And let the consumers know about it.

The Second Paradigm delved into the emotional realms of consumers. It was largely a reaction to the difficulty of attaining differentiation purely based on product functions and benefits. And many times, the emotion itself was doing the job, even to the conspicuous absence of the product.

Relationships, affinity, status, attractiveness, happiness, joy, success—all of these became mythical qualities that the consumer could attain like the membership benefits in a secret club. Think Coca-Cola and their promise that “Things go better with Coke,” or Pepsi as the soft drink for a New Generation.

The Internet Era

The Third Paradigm was the era of internet and data-driven marketing. Data analytics brought in a new layer of understanding and depth to marketing that spanned all the way from digital targeting to new campaign measurement metrics to calculating lifetime customer relationship values. And the internet was the platform that allowed marketers to understand consumer interests and intentions, serving them with the right messages economically.

But not everything was digital. The Third Paradigm also saw a dramatic increase in direct mail, direct response advertising, and the promise of the “segment of one.” In other words, every consumer was recognized and treated as unique, and highly individualized marketing messages could be conveyed to them in customized, memorable, and impactful ways.

Consumers, too, were empowered by the internet. They searched for products, searched for one another, and found they wanted more of everything.

The internet was hardly being digested when two new dimensions were being created, both of which would come to define the Fourth Paradigm. From October 2007 to August 2008, a college-based variation on message boards called Facebook spiked from 50 to 100 million users, and social media was born.

Alongside this, the iPhone was released on June 29, 2007. Mobile phones and mobile devices totally altered the consumer landscape once and for all. The mobile phone virtually became an extension of the human body, with consumers going to bed and waking up with it. Now, marketers had a medium available through which they reached consumers anytime. Marketers followed along digital channels and social networks.

It is time that we bring the glory and gravitas of marketing back. Let's start with a clear mission.

The Fifth Paradigm

Now we stand at the precipice of the Fifth Paradigm. This is the era of Quantum Marketing. In general scientific terms, “quantum” describes an effect that cannot be explained by classical approaches. It has also come to mean an unmeasurable jump in speed or volume. Both of these describe marketing in the Fifth Paradigm—Quantum Marketing.

The Fifth Paradigm will feel like a whole new planet for marketers. Crazy new technologies, an extraordinary quantum of data, an opportunity or threat of real-time actions, the collapse of the purchase funnels and other classical theories and frameworks—all of these will totally alter the marketing landscape, and marketers will have to reimagine their strategies, structures, and talent.

In the Fifth Paradigm, brands will create excitement, engagement, and inspiration for their products and services using new technologies, new media, new frameworks, and new insights. Consumers will expect not only great products and experiences, but they will demand marketers use all the resources available to make a positive difference to society.

Success in the Fifth Paradigm

The key factors that determine success are authenticity, immersive interactions and experiences, real-time marketing, sensible and sensitive marketing through the consumer life cycle, and remote delivery and management of everything, from the more obvious logistics, to experiences, to product demos, to training and development of the marketing teams to learn and stay at the cutting edge of the fields that impact marketing.

To survive and thrive in the Fifth Paradigm, marketers will need open-mindedness and technological savvy. For the consumer, the Fifth Paradigm will be a labyrinth of content, messaging, imaging, new devices, and automation, all happening at new levels of intensity and complexity. As any marketing executive will know, marketing must meet the consumer, now and forever. That intersection will be crowded and noisy. That intersection is the Fifth Paradigm.

Reset the Mission of Marketing

There has been an explosion of mobile technology, saturation of internet penetration, and a social media tsunami. Marketers have not been able to keep pace with the dramatic advancements in technology and data.

In this context, classical marketers were quickly overtaken by a new breed of technologists who dove deeply into marketing and saw opportunities wide open, unexploited, and underleveraged. Real digital marketing was born and started setting the pace, processes, and methodologies completely outside of marketers' purview.

In this day and age, if marketers don't know how to maneuver data, how to leverage data, how to navigate data analytics, they run the risk of becoming obsolete and irrelevant.

The Fourfold Mission of Quantum Marketing

It is time that we bring the glory and gravitas of marketing back. Let's start with a clear mission.

Brand building. In this day and age, the brand is not only sacred but vital for differentiation, value perception, and competitive advantage. Marketers are brand stewards and need to build it for the future, irrespective of whether their business partners can fully appreciate it or not.

Reputation management. In a world where a ton of negative talk and fake news happens, many brands are going to get talked about in a poor light, sooner or later. Marketers absolutely need to have plans to defend their brands and protect their reputation and not let consumer trust erode. Whether it is brand building or managing a brand's reputation, it is brand management at the end of the day; and that is at the core of a Quantum Marketer.

Driving business growth. In a company that is not really marketing driven, like the majority of organizations, unless the marketer takes on the responsibility for business growth and is really fueling the business, they will not be taken seriously.

Creating platforms for sustained competitive advantage. This is about building a sustainable competitive

advantage via platforms, partnerships, intellectual property (IP), and so on. This is going to be a very significant and important part of marketers' roles, particularly in contexts where they do not control all of the 4 Ps.

The Data Dilemma

Data is the precious commodity in the Fifth Paradigm. Let's talk about some aspects of data that a marketer needs to be aware of.

If marketers thought they were already drowning in a tidal wave of data, just wait. Connected devices are everywhere, with many, many more to come. A mobile phone is a sensor on many levels. We use our mobile phones for everything from making calls to shopping, even tracking our health metrics. To a consumer, it is a virtual window to the world. And to the marketer, it is a virtual window into the consumer's life and lifestyle!

The sheer quantum nature of data and the speed with which it is being spewed out is mind boggling. Companies need to rethink their entire data strategies and technology architecture for this imminent future. Which data is relevant and which is mere clutter?

The availability of real-time data could be a real boon but only if it is acted upon in real time. Marketers will probably stand to gain a lot competitively if they address consumers' contextual reality in real time, without being intrusive. Here are some ways to do so.

Take the lead. No other group of professionals has the volume of data collection on consumers, day to day, as marketers do. And a significant part of the data ecosystem is funded out of marketing dollars. Marketers, therefore, have to play a front and center role and drive the evolution, as opposed to sitting in a corner and letting others define the future.

Educate yourself. Marketers need to understand the current policies and regulations across the entire value chain they deal with. They need to understand how data is collected, organized, and analyzed in real time, with or without the help of AI. Marketers don't need to become data experts overnight, but they need to educate themselves at least to the extent of being able to ask the right questions and grasp the right answers.

Invest in the right partnerships—internal and external. Strike deep partnerships with IT colleagues who manage the data infrastructure and processes, as well as

legal department colleagues to help navigate this complex ecosystem soundly and safely. Marketers' accountability doesn't end with protecting consumer data within their company; it also extends to the data that their vendors are collecting, analyzing, and leveraging on their behalf.

Quantify, quantify, quantify. Even if you have a futuristic AI program, if you don't diligently measure marketing actions, your company will not understand their contribution to sales, overall revenue, or the overall business. Be ready with credible numbers, not words.

Don't let data overshadow creativity. Don't forget that it is about the brand, the business, and the competitive platform. Technology and data are absolute priorities, but not at the cost of creativity, instinct, and judgment.

AI: The Ultimate Propellant of Quantum Marketing

AI is going to be a game changer in every aspect of marketing. AI will never replace marketers. But marketers who resist it will be replaced by those who understand its power.

Artificial intelligence is a machine capability created by training machines to be able to think like human beings or even surpass them. That includes various forms of recognition, reasoning, judgment, decision-making, and so on.

AI Brings Richness

In marketing parlance, AI can bring richness to every step of the marketing life cycle. It brings a deeper level of understanding not hitherto possible. For example, before AI, we would do correlation analysis or causal analysis, trying to find out which promotion or what level of discount or some other feature works best to drive the most conversions. These were done via surveys, test marketing, factor analysis, past campaign response metrics, past promotion and so on.

But these were typically done at a segment level or at an aggregated level. Using AI, a company can analyze your past behavior, current propensity to buy in the category, and your behavior in other categories. This analysis is done in real time, and the company will be able to send you a highly personalized offer that is good for you and great for the company.

In the Fifth Paradigm everything will have a sensor, from watches to shoes, to cars, golf clubs, thermostats . . . everything. Every single second, the sensors are capturing data. All that data will be fed into AI machines. And it can throw out

amazing patterns and insights from that macrocosm of data.

This can help marketers if they can hook into that stream of insights and act on them in real time, to catch consumers at the most optimal parts of their daily life journey and offer them highly personalized products, services, promotions, and messages in a highly relevant fashion. The company can go from one OTM (opportunity to market) to the next OTM in a seamless, nonintrusive, nonannoying fashion.

Some of the other areas AI will involve are chatbots, virtual assistants, search, targeting and personalization, media buying, content creation, and ROI computation.

Marketers don't need to become AI experts themselves, but they do need to know how to leverage AI. There are several online executive education programs from Harvard, MIT, and the University of California at Berkeley, to name a few.

The IT department in a company has a significant role to play in this AI journey. Marketers absolutely need to partner with their IT colleagues to be collectively successful.

Technology's Big Bang

As AI fuels the explosion of data insights for marketers, get ready for a series of new technologies that will add new challenges and new opportunities. Beyond artificial intelligence, machine learning, and deep learning, here is what we have in store: 5G, augmented reality, virtual reality, smart speakers, holographic projection, the Internet of Things, wearables, 3-D printing.

The Promise of 5G

For example, 5G is maybe 50 to 100 times faster than 4G, with download speeds that could be as high as a hundred gigabits per second. 5G can connect with more devices at once. It has very low latency. This means that there is no delay between a command at one end of the network and when it is executed on the other end.

What are the implications for marketers? Interactions and engagement strategies with consumers will be in real time. A consumer is shopping in a market. Based on her data, picked up with her permission, a company can make offers that are most relevant to what she is doing at this moment.

Another example is augmented reality (AR). AR is still very nascent, but it is going to become very big, very soon. In augmented reality, there is an overlay of digital information on a physical environment.

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For example, Google demonstrated at a conference how Google Maps will go to a different level by deploying what they call the Visual Positioning System, or VPS. When the smartphone's camera is pointed at the street, the Google Maps application will overlay the street scene with the map and an extra layer of information, such as a label or a flag indicating a coffee shop in one of the buildings up ahead.

Along with the names of shops, just about any other piece of information can be overlaid in the visual frame. Example: there is a sale going on in this shop; there is a special offer in this other shop; this is happy hour at this bar . . . You get the sense. There is a new richness in terms of consumers' ability to interact with their physical environment.

The Internet of Things

Then there is the Internet of Things. Every device at home and work, and those on the way, will be connected in the Fifth Paradigm. Every connected device could be a marketing medium. Home appliances, thermostats, home locks, cars, scales, suitcases, and on and on will all be gathering data, and many will even provide interfaces for interaction via voice or visual or both.

Since every connected device gathers data, marketers need to be able to pull it all together, make sense out of it, arrive at actionable insights, and act upon them. It could be as simple as serving a personalized ad on the refrigerator screen (Samsung already has such a refrigerator with a screen), or on the dashboard of a connected car or over its speakers.

Advertising (As We Know It) Is Dead!

Everyone has a multiplicity of screens they are continually immersed in—tablets, smartphones, e-readers, and, of course, the trusty old TV or movie screen. This is changing the physiology of the human brain and is reducing

people's attention span. Today, it is estimated that the average human's attention span is slightly less than that of a goldfish, at under eight seconds!

A marketer needs to compete for the consumers' attention against anywhere between 3,000 and 5,000 other messages every day, trying to cut through the clutter, inform them about their brand, product, or service, and inspire them to feel favorably and decide in their brand's favor.

People have discovered ad blockers. When activated, ad blockers prevent ads from appearing on their screens. Today, the estimates for the number of consumers who use ad-blocking software range anywhere from 600 million up to 2 billion, which is roughly a fourth of the world's population. Marketers have to recognize that the traditional advertising model has to change.

The Quantum Marketing Solution

First and foremost, look at other ways of attracting and engaging consumers. One very effective method is good old word of mouth. Marketers want people to talk about their brands and products.

The idea is to make sure that people become spokespersons, ambassadors, promoters, or advocates of the brands, in a non-salesy fashion. The key challenge is—how to do it economically and at scale.

Enter Quantum Experiential Marketing (QEM). The idea with QEM is to create and curate a combination of physical and digital experiences, coupled with a combination of traditional, digital, and social communication tactics.

In this approach, first reach out to high-influence consumers, opinion leaders, or “prosumers” (a prospective consumer involved in or providing input into a product's design and development). Grab their attention and captivate their imagination with some unique experiences. These experiences should be flawless, leaving a lasting impression in their minds and hearts.

When that happens, they have a very high propensity to tell the story of their experience to others. And weaved within that story is that the experience was enabled by a brand, in a subtle, credible, and appropriate way. Then, try to amplify that story.

We Are Not Consumers; We Are People

For any individual, consumption is but a sliver of their total life. In reality, what happens outside that sliver affects con-

sumption much more than what happens inside that sliver.

Therefore, when marketers focus on optimizing consumer experience or consumer preference for their brands, they are focusing on the incremental and smaller opportunity of consumer behavior, as opposed to gaining substantial new ground by focusing on human behavior.

Quantum Marketers look at the total life of their consumers and try to understand how they can add value. Once they take that approach and gain some insight, they then look at their product or service and assess whether they have the right offering or whether they need to create a new one or modify the existing one.

Other Major Shifts in the Fifth Paradigm

Historically, marketers would try to understand the purchase funnel and consumers' mindsets before, during, and after a purchase. A huge shift is going to happen in the Fifth Paradigm. Marketers will do everything to make the purchase process disappear altogether.

Already, companies are trying to eliminate the need for a checkout line, as Amazon has done in their Amazon Go stores. A person can simply choose the items they want from the shelves, load up their shopping carts, and walk out.

Yet another mega disruption in the purchase funnel is automatic ordering via connected appliances. For example, Samsung has launched a smart refrigerator that knows what and how much the owners consume, and it reorders those items for them from the grocery store, thus unburdening them of this low-level tedium.

With the purchase process and funnel getting so disrupted, Quantum Marketers have to figure out how they will deal with consumer situations in the context of their life situations. Here are some critical components of their strategy:

Instant brand reassurance and instant brand motivation. These will be ever more crucial in these automated purchase processes.

Understanding the purchase channel dynamics. Leverage them smartly, as opposed to letting them marginalize the brands. This needs deep knowledge in emerging digital technologies (like the Internet of Things and smart speakers), algorithms behind the recommendation engines of these various devices or platforms, preference drivers, real-time offer optimization methodologies via AI, and so on.

Understanding a brand's potential moats. These

This is brand karma. Embrace an ethical approach and operate with complete integrity, and the team and the brand will blossom.

need to stay relevant and competitively advantaged. These would be less about the products themselves and more about the surrounding systems, packaging, intellectual property, emotional hooks, and so on.

Ethics and Brand Karma

It is shocking that only 34 percent of consumers trust the brands they buy. Put another way, two-thirds of consumers don't trust the brands they buy. Companies that make ethics their top priority outperform those who don't.

Data ethics is about responsible, transparent, and fair use of data, with a strong sense of accountability. The World Federation of Advertisers has brilliantly summarized data ethics into a pithy statement: "There should not be a gap between what we could do with data and what we should do with data."

What Do We Do in This Quantum Chaos?

Quantum Marketers must first realize that trust will be a gigantic competitive advantage. The relevance and importance of brands in people's lives is on the wane. Against this backdrop, the brand that is trusted will stand tall for a long time. So, it is up to the marketers to build that trust.

We should follow straightforward practices, in spirit, word, and deed. Deceptive practices, whether advertising or pricing or packaging, will be sniffed out by the consumers from a mile away. And when they do it, will they be committed to such brands? They will always find alternatives, even if you think this brand has a monopoly.

- Our advertisements have to be authentic and truthful. Don't miss opportunities to advertise and connect, but don't lead with opportunism.
- As a Quantum Marketer, be a consumer and a decent human being first and foremost. Don't do to the consumer what you don't want to be done to you.
- Respect the privacy of consumers. A brand has no right to snoop, and without consumers' explicit permission, to sell.

- Marketers should also look at all their partners and hold them accountable. Whether it is agencies or publishers or other partners and vendors, they should make sure that their practices are ethical.

As is the case with the rest of our lives, doing bad things might tend to give a positive advantage in the immediate or short term. But it will catch up in the long run, for sure. This is brand karma. Embrace an ethical approach and operate with complete integrity, and the team and the brand will blossom, slowly and surely. And it will make all the difference in the Fifth Paradigm.

Marketing Through Crisis

In the last few decades, no one has witnessed the kind of havoc that COVID-19 wreaked around the world. Everything came to a grinding halt, leading to a situation in which not just some companies but entire industries were shut down.

People have been forced to alter their lifestyles for the shutdown period, and those changes will have a profound impact. Consumers may not go back to all pre-crisis scenarios.

For example, online shopping became the new habit of many who had never shopped online before. People were literally forced to try out new ways (online shopping, streaming video channels), new products (hand sanitizers), new ways of interacting socially (Zoom parties), new ways to work (remotely), and so on.

Risk Management

Historically, marketers would typically treat as the main risks some blowback of a poorly conceived campaign or a PR disaster. But since marketing is going to be heavily enabled by technology and data, new types of risks will emerge that need to be addressed appropriately.

Most large and mid-sized companies have a risk matrix or a risk heat map at a company level that they present to their boards. They have a process by which a company identifies all the risks they may be subjected to, the probability of it happening, the likely impact if it does indeed

happen, and so on. Visually, it lays out all the risks and draws focus on the key ones.

Marketers need to plot risk maps, and crisis management plans should always be updated and kept ready. Should disaster strike, the management team should know exactly who does what and when.

Serving Versus Selling

There is a time to sell and there is a time to serve. A crisis is the time to serve. For example, during a crisis, there may be a shortfall of some items, or people may need some items very badly. There may be an easy opportunity to jack up the price and gouge the consumers. They will buy it still, because they may not have a choice. But they will remember. When good times come or when the brand needs them, they will show the brand the way out.

At times of crisis, the PR or communications team will play an absolutely crucial role. Nothing is more important than to let all key stakeholders, both internal or external, know exactly what is happening, what the brand is doing about it, and why they should feel comfortable that the brand is doing the right things to control as much of the situation as possible.

The speed and scale of the Fifth Paradigm will inevitably result in its fair share of crises. Expect them and be ready to tackle them.

The Quantum CEO

As we enter the Fifth Paradigm, now more than ever, marketing's role is incredibly valuable and very powerful for a company's success. What will differentiate a company's offerings is not product design or functionality. Not price.

Not simplistic and copycat promotions.

Here is where the Quantum CMO comes in. And here are what characterize Quantum CMOs:

Quantum CMOs are like Leonardo Da Vinci. They are multifaceted and multitalented, excelling at the art, science, and the technology of marketing. They are primarily business leaders. They are true general managers, with deep marketing expertise, as opposed to being pure marketing specialists.

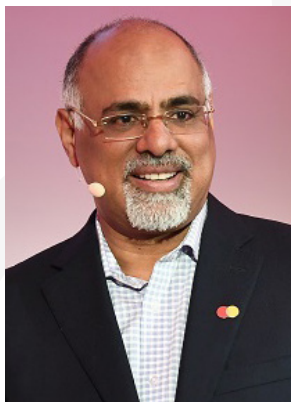
They are strong leaders. They are incredibly knowledgeable about the foundational and classical aspects of marketing. They are technologically savvy. They connect the dots between marketing activities and business outcomes. They are inspiring leaders with a big vision. They are team builders and have a global mindset.

In a world where everything will be at parity, you need marketing to differentiate your offerings and build lasting trust, aspiration, and affinity for your brand. You need someone with knowledge, experience, versatility, a business mindset, and the other factors listed above.

You need a Quantum CMO.

IF YOU LIKED THIS SUMMARY, YOU MIGHT ALSO LIKE:

- *From Individual to Empire: A Guide to Building an Authentic and Powerful Brand* by Laura Bull
- *Think. Do. Say. How to Seize Attention and Build Trust in a Busy, Busy World* by Ron Tite



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