



Dominique Turpin



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MARTHA RIVERA PESQUERA

Professor Dominique Turpin claims that technology, AI, and big data should not come first in marketing. We should not be collecting data and technology first and then ask ourselves what we can possibly do with it. On the contrary, Professor Turpin holds that we should first ask what problems we want to solve and then see what technologies will help us achieve that. The following conversation between professor Turpin and Professor Martha Rivera Pesquera from IPADE, will help us understand why he claims that technology should not come first in Marketing.



If we take account of the power of Digital Marketing, are we really in the Golden Age of Marketing?

In a way, I think we are because these techniques give more power to the Chief Marketing Officer (CMO). In the past, the guys in the C-suite who had the most power were usually the financial people. But, as we all know, you make revenues only if you give consumers products that are relevant to them. Today, the Marketing Director has more tools and more information coming back in terms of what has been done, in terms of investment, and in terms of what the Return on the Investment is, so I think it is easier today to justify Marketing decisions in the C-suite than it was 5 - 10 years ago.



Companies are putting CMOs under pressure to justify their return on marketing investment.

Yes, but I think that has been true over the past 10 - 15 years. You know the famous quote from the founder of Unilever, who used to say, «Half the money I am spending on advertising is lost, but I don't know which half.» And it is true that it was difficult in the past for marketing executives to justify the investment. I think the only thing they could relatively measure with certainty was the awareness of a new product or a new brand, because you could run a survey before you launched the product and later on find out what the awareness level was. But how to determine the impact of marketing on sales, when you had a competitor launching a new product and another one lowering prices? That was very difficult to do.

Today, digital marketing – the set of digital technologies and techniques – enables you to test. For example, Heineken recently launched a service where they would distribute door-to-door beers made by small competitors, beer brands made by small brewers. And at first they didn't know how much they should charge for the service. Five years ago, they would have run a traditional market survey. It would have taken then two weeks or two months to get the result. Today, you can test that on the internet. You say, «We are going to deliver this product, and it is going to cost you 5 euros.» And you see how many people react and then look at different prices. It is much easier today to test ideas, and it is much easier to get a good understanding of what the return on the investment is.

Is the mission of the marketing function still the same?

The Marketing Function is always the same. My definition of Marketing is understanding, creating, and communicating value to the customer. What has changed dramatically is the tools to achieve that objective. And digitalization clearly enables you to better know your customers, to measure the impact of your decisions, and to be creative in terms of providing value to the customer.



you need to be more customer-centric than ever... you really need to figure out and map out what the customer experience is.

A lot of technologies have arisen.

How can CMOs or CEOs keep up to date?

That is a big challenge, because I think what Senior Executives in Marketing must understand is that the purpose is still to add value to the customer, and all these technologies enable us to do that. What is difficult is to keep track of all the things that are going on. I was recently with a company in Italy, and they told me, «We

work with this company in Denmark and this company in New Zealand.» I then asked them how they know what all these people are doing. They said, «Well, there is a whole underworld of techies and geeks, and we meet at exhibitions in Las Vegas and keep in touch with each other on the internet.»

I think that the job of the Chief Marketing Officer today is to provide direction. What you need to do is define what problems you want to solve and then ask these people to find the right technology to solve the issue.

We cannot do it alone. We need partners and alliances to really be disruptive. Can you give us an example of how to build such ecosystems?

I think many companies are actually realizing what you just said: we cannot do it only internally. One example I have in mind is what Sony is doing today with sports companies. What they did is create an application called Advagym – you can download it free of charge – and this application will keep track of all the exercise you do in the gym and give you statistics and data. This service is free for you. Sony makes money by selling the sensors that they put on machines made by a company called Precor – which is one of the major manufacturers of sports equipment – and Precor sells the sensors to gyms. Then gym managers use them to keep track of what machines are being used, so when they open a new gym they now know what kind of equipment to buy, because they know which are the most and the least used. You then have an ecosystem where you have sports enthusiasts, you have Sony making the sensors, you have gym managers, you have Precor, the manufacturer, and everybody wins because everybody gets some value out of the arrangement.

I believe that more and more companies need to realize indeed that we cannot do it alone, and we have to look for solutions outside. It means that we need also to be much more curious about what is going on outside of our industries. I am still surprised that people too often focus on their industries and do not have the curiosity to look at what is going on outside. When you look at the disruptors that are taking out the old guys in an industry, they are usually people who come from a

completely different industry, who have a different perspective on business, and who can radically change the business model that prevailed before.

That is happening in the hospitality industry. Disruptors are coming from outside. You can see Google showing prices of rooms in many hotels everywhere around the world. And Google did not come from the hospitality industry. If we consider this, what advice would you give CMOs and CEOs in Mexico and Latin America to be successful in this new digital era?

First, you need to be more customer-centric than ever, because all these names that you mentioned – Google, Amazon, Uber – they are successful because they know everything about you. They know what you buy, when you buy, with what frequency you buy, what you like, what you dislike. And they make it easy with technology for you to go and find the service you need. And they even make it easy for you to complain. Thus, the first piece of advice is that you need to really think about how you can be more customer centric. If you want to win against players like Amazon, Tencent and Alibaba, you really need to figure out and map out what the customer experience is. We have been paying less attention to customers' needs and wants – because customers do not know what they need and want, nobody wrote an email to Steve Jobs saying, «I want an iPhone or an iPod» – and what disruptors do today is find the pain points and try to mitigate them. And that would actually be my second point: try to map out your customer experience and try to solve the number of issues that represent pain points for them.

Third, you need to be careful not to fall in love with technology. Everyone today is concerned about AI and big data, and we see a lot of executives that have all these data about customers and ask, «What do I do with this?». But I think that is the wrong question. The right question is, «What are the key problems or challenges that are facing customers and that I want to solve?» And only then you need to figure out what tools and technologies you need to use to solve the problem.

And finally, I would say the big challenge is really about finding the talent, because you certainly need to have people who understand how to write algorithms and use technology, but you also need to have people with business sense. That is extremely important. You also need to be careful not to hire too much of the Google or Amazon profile, because they will try to

«Google» you or «Amazon» you, and they will, in a certain way, kill your culture – I know some examples. Thus, sometimes you do need to be very careful not to depend too much on outside resources and develop your own internal resources. And managing that balance between the internal and the external is certainly a big challenge. </>



* The interview was carried out in the first week of March 2020.

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Professor **Dominique Turpin**, from IMD, has extensive teaching, consulting and research experience both in Europe and in Asia, particularly in the area of brand management, customer orientation and communications strategy. His current research focuses on brand management, and he has been widely published in more than 100 books, articles and case studies including the Financial Times, European Business Forum and MIT Sloan Management Review.

Martha Rivera-Pesquera. Professor at the Marketing Management Department. Member of the Board at Research Center for Women in Senior Management (CIMAD). Her work has appeared in academic journals including the Journal of Business Research, Journal of Management, International Journal of Bank Marketing, and Harvard Business Review, among others. She has published more than 20 case studies, teaching notes and some other teaching materials. Also, she published two co-authored books: Entrepreneurial Selling: Facts Every Entrepreneur Must Know, and Re-Evolución Digital: Lidera el futuro digital de tu empresa... antes de que desaparezca.