

AGENDA 2020

Will Gen Y change branding?

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A decade ago, marketing and branding experts from around the world predicted the era of the brand would be dead by now – they were wrong. But the evolution of branding has been a significant one, and with baby boomers moving out of the main consumer box and making room for Gen X and Y, more changes are expected in the coming years.

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Patricia McQuillian, president and founder of Brand Matters Inc., describes how traditional marketing will find its place in the digital age and what she calls the renaissance of branding.

Niraj Dawar, professor of marketing at the Ivey Business School at University of Western Ontario, and the author, most recently, of *TILT: Shifting Your Strategy From Products to Customers* (Harvard Business Review Press, 2013) discusses the need for businesses to provide personalized automation and the expectations of future consumers.

Is the age of the brand over?

PM: I would describe this as the renaissance, the rebirth of the brand, in this age of social media and digital marketing, the newest and the greatest marketing tools. We're seeing it at our agency. Brand has moved from the background for a number of years, particularly coming out of the recession in 2009, to moving to the front. In the past (let's say 15 years ago), let's say you were repositioning your corporate brand, often you could do it with a slick advertising campaign, the right logo, a wonderful slick jingle. But now, the brand is more transparent, through digital and social channels. So if you haven't got it right, as in you can't deliver on the promises you make through your brand, it is highly visible where it falls short. Consumers are more savvy, so I would say getting the brand right and the brand strategy and being more transparent is more important than ever before.

ND: I believe that brands are actually more important than ever before. Just to take a historical perspective on this, I think what happened is that, as we moved into a digital era (which allowed us to target individual consumers), we wondered which of the tools from mass marketing would survive and a lot of people predicted the death of brands because they were premised on the idea of mass marketing. Their economies of scale were generated by addressing very large numbers of customers, at the same time, with the same message, using the same medium. A lot of people were at that stage predicting the end of brands. I was one of them and clearly, 10 years later, I can look back and say the death of brands was exaggerated. What has happened is that the marketplace has become cluttered and there are so many products, features and brands competing for consumers, mind space is more important than ever today.

Are there specific consumer trends present today that businesses should completely avoid in the future because of a shifting consumer demographic?

PM: As we look at shifting consumer demographics driving consumer trends, certainly I'm going to say traditional advertising, the loyalty points systems, different types of marketing tactics that are more traditional. It will be the Gen-Y demographic, those born after 1980, or, roughly, 17- to 34-year-olds, that will be driving a preference in marketing tactics. I look specifically at loyalty because I think that is a really interesting question. As you know, Canadians are some of the biggest loyalty consumers in the world. In particular, we might be looking at how it is redesigned, so it's in a more convenient format, more flexible. You see the various credit cards even shifting in their programs to try to increase flexibility. One of the biggest Gen-Y demographic needs is greater flexibility: Bring it into my time, in my space, when I need it.

ND: I agree with Patricia, although I'm much less of a believer in stark differences between generations, between Gen X and Y. I think segmentation has always been around. Age-based segmentation tells us as much as we need to know and putting labels such as Gen X and Gen Y may or may not help. What I think is important here is that we still use older media, such as radio. It's a 100-year-old medium and it's found its place in the marketing mix. Similarly, just as new technologies emerge to reach and influence the consumer, we're not going to see older technologies being replaced so much as they will find their place. And each technology will sharpen its purpose. For example, we may find mobile technology is not a great brand builder, but what it does really well is that last-minute influence, where you know what the location of the consumer is and you can influence them to purchase based on, say, a price promotion or a reminder.

How will branding change as baby boomers get older and generations X and Y become the majority consumer?

PM: As Prof. Dawar said, it isn't always so black and white. You can't just say people who were born after 1980 are thinking this way. It's just a useful framework, especially with predictions. I think that, if we're looking to 2020, and we're thinking branding will change as new influences in our demographics move forward, I really don't see a big shift, other than this greater need for transparency. There will be more of a demand on brands to be transparent and to be strategic and aligned and for brand strategy to have actually been built based on an organization's strengths. Even if it's not the latest, hottest differentiator, what they do build their brand upon is where they're growing and they're investing and they're committed to their consumers.

ND: I fully agree with Patricia, though what I would add is that, as we move toward a market where we have aging boomers, we have people who have become comfortable with technology over the last 20 to 25 years as digitization has increased. I think consumers' expectations are going to be a little different. For a long time, during the mass branding era, the role of the brand was to convince the consumer that the feature or the differentiator that it offered was better than that of competitors. Today, I think consumers expect much more than that: They

expect a relationship far beyond the transaction, they expect the brand will understand their needs, they expect the brand will respond to their needs, they expect that the brand will remember who they are. Then it becomes a game not just of the next transaction, but of multiple transactions and you can call that a relationship.

In a world that has become more automated in the past few decades, is personal customer service going to be revered, or a thing of the past, by 2020?

PM: It won't be as straightforward as personal customer service being more important or less important, but how it is defined will probably evolve. And to Prof. Dawar's point that consumer expectations will probably increase when it comes to brands, part of that will be customer service and how it's being delivered. We can take something like today's call centres and how important they are, versus even 20 years ago, for that extra touch point and customer service relationship for the consumer. But that is already evolving to online chats. I think for our younger generations, however we're defining them, it's important to be able to call at any time or any way they would like and not have to be on the phone or in a queue with a phone centre.

ND: I think the premise so far has been that personalization and automation are contradictions. The big change that we're going through right now and that will be evident by the time we get to 2020 is that automation will, in fact, deliver personalization, and that automating information is very different from automating tasks. Automating tasks for a long time meant standardization and mass production: turning out exactly the same product or the same service for every single unit that you saw. What we're witnessing right now is once you start to look at information-based automation, you can deliver personalized service to customers. A simple example is when you go to a hotel now they have your file. They have your preferences for whether you want a firm pillow or soft pillow on file. It's automation in the sense that the frontline staff don't need to remember what you want but the automation delivers that personalization for you. That will drive customers' expectations. They've had those experiences at your competitors so you'd better be delivering personalized automation, as well.

Responses have been edited and condensed.

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