



Reuters Events: State of Marketing 2023

PART 1

Purpose-driven, Measurable, Valuable

In a whirring real-time world undergoing rapid and continuous change, brands must not only deliver quality products and services but also meaningful value to the customers they serve

January 2023



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Purpose-driven, Measurable, Valuable

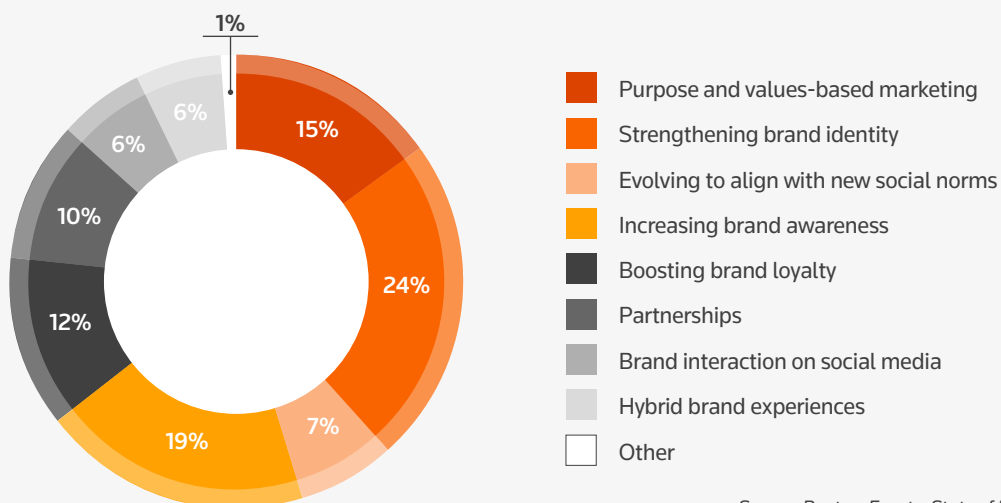
Strengthening brand identity, increasing brand awareness and purpose, and values-based marketing are the top three priorities for the year ahead, according to the Reuters Events: State of Marketing 2023 survey. But the level and direction of focus depends on the stage of the journey. (Figure 1)

At highly penetrated brands like PepsiCo, the focus is less on brand awareness and identity, and very much

on purpose. Quite simply, that’s because consumers are increasingly purpose-driven. A 2022 consumer survey from [IBM Research](#), for example, found that the largest segment (44%) of consumers want the brands they align with to represent their values.

At PepsiCo, where Stacy Taffet is Senior Vice President (SVP), Brand Marketing for Frito-Lay, the aim is to build brands with purpose at the center, using the group’s

Figure 1. What are your top brand priorities going into 2023?



Source: Reuters Events: State of Marketing Survey 2023

scale to make a positive impact. Explaining further, Taffet says: “Every single thing that we do as a brand, whether it’s an innovation we bring out, a communication campaign, partnership or new technology, it’s all in service of our broader purpose.” But this doesn’t have to mean philanthropy. “We are in the enjoyment category so we’re not going to stretch our brands to a place that doesn’t feel credible and authentic,” she says. However, she is striving for the “highest order”, which is “really bringing joy to people’s lives”.

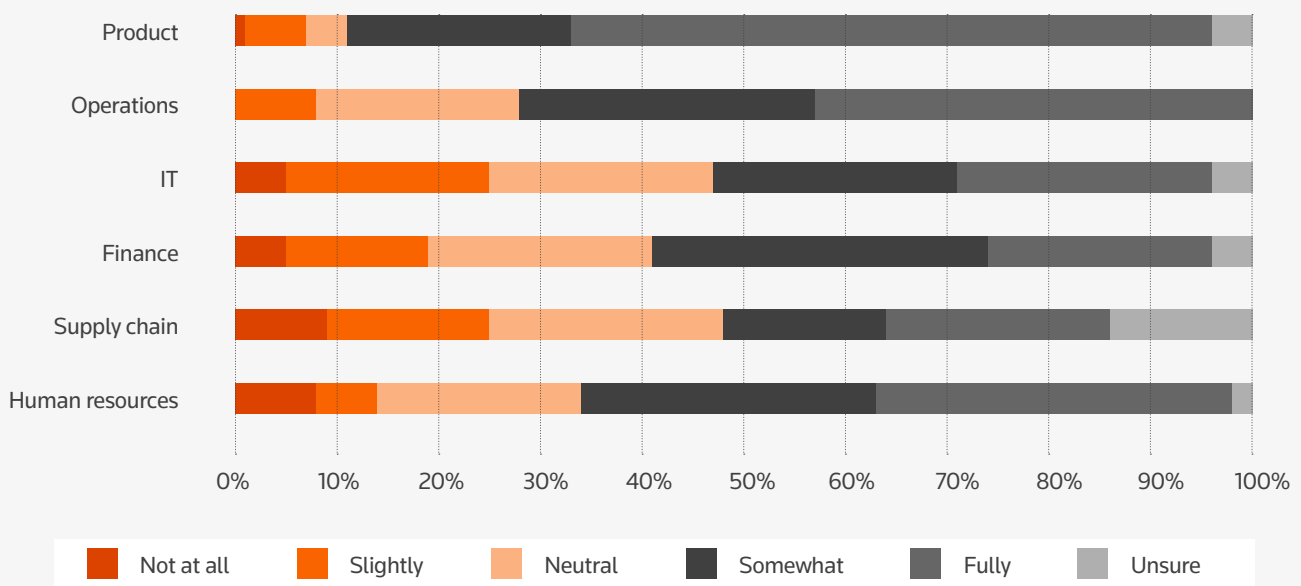
Across the industries surveyed by Reuters Events, 72% of respondents are confident that they are aligning

product with purpose. However, the extent to which purpose is fully embedded varies from department to department. Product departments (63%) were most closely aligned with brand purpose, followed by operations (43%) and human resources (35%). The departments least likely to prioritize purpose were finance, supply chain and IT. (Figure 2)

MEASUREMENT MATTERS

Few would dispute that strong brand equity is good for the bottom line but how to measure it depends on the business goal of a campaign.

Figure 2. Is your brand purpose and mission embedded into all aspects of the business?



Source: Reuters Events: State of Marketing Survey 2023

FIVE WAYS TO PUT PURPOSE INTO PRACTICE

- 1 Find the big creative idea. All too often brands rush to launch a campaign without taking the time to find a fresh insight or emotional connection that will resonate with customers.
- 2 Understand consumer culture and expectations. Go beyond the superficial to find nuggets of true insight and let the data deliver what customers really want.
- 3 Be credible, authentic and transparent with your audience. In an environment where brands are increasingly being called out for being inauthentic or insensitive, sticking to promises can drive loyalty and lower costs.
- 4 Embed purpose across all aspects of the business by setting clear targets and taking a consistent approach. Core to this is defining brand purpose and value as clearly as possible before communicating anything externally.
- 5 Find partners that align with brand objectives. PepsiCo, for example, has a [food service digital lab](#), which works with select partners for maximum mutual benefit. In partnership with Popchew, which works directly with iconic brands to develop inventive dishes, the pair recently teamed up to put a Doritos’ inspired menu in pop-up restaurants.

When asked which were the most important key performance indicators (KPIs), over a quarter of survey respondents called out cost per acquisition. In second place was social engagement (19%) followed by customer lifetime value (17%), while customer retention and cost per impression tied in fourth place at 9%. (Figure 3)

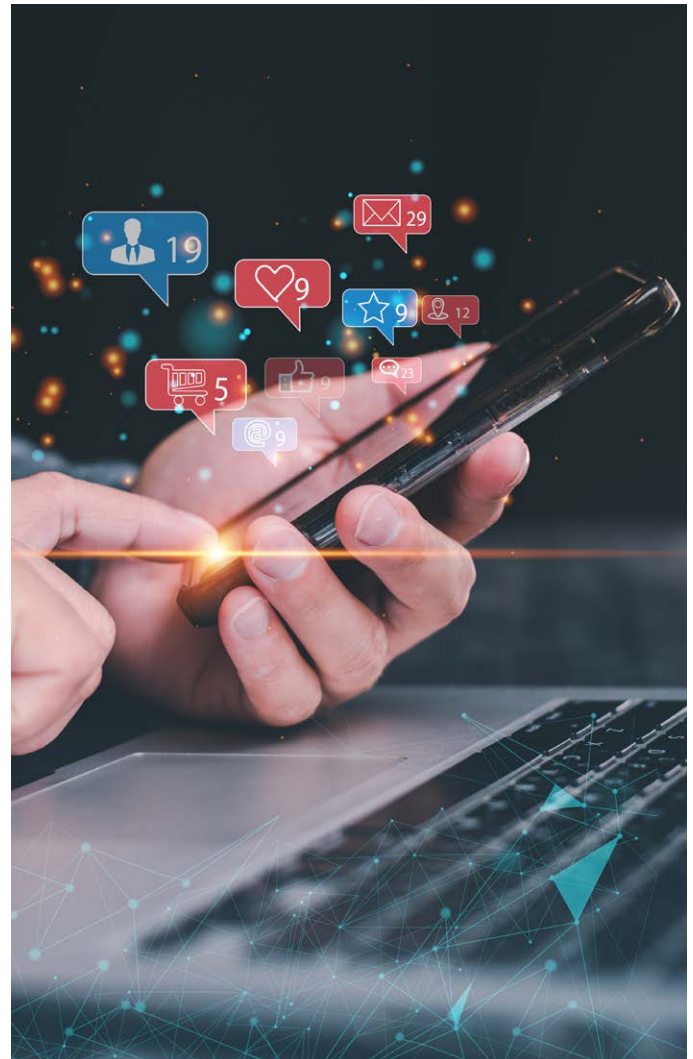
Overall, Justin DeGeorge, Vice President, Marketing at Nestlé’s Nespresso, believes that “maintaining customers and increasing loyalty tends to be more efficient than trying to gain new customers”.

For this reason, customer experience is taking center stage at Nespresso, “We are continuing to build out frictionless and value-added customer journeys in as many ways as possible,” DeGeorge says.

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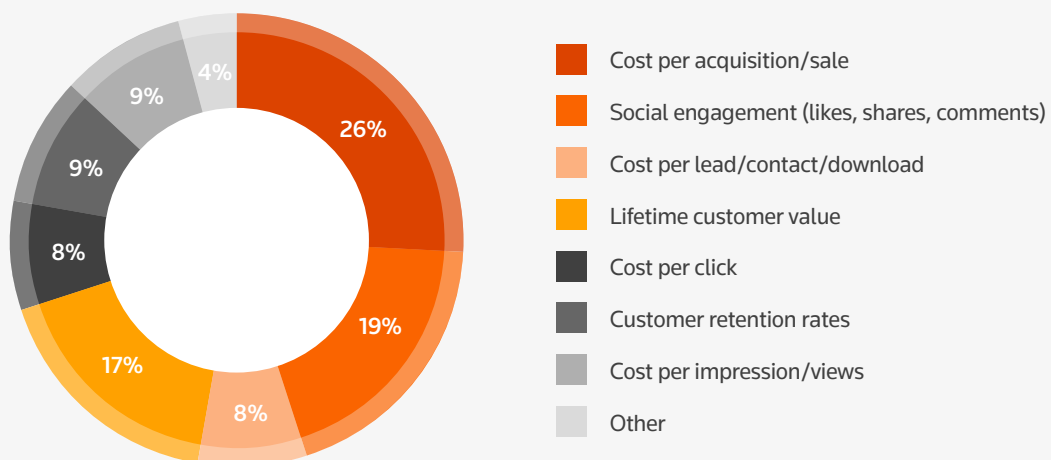
Stacy Taffet, SVP, Brand Marketing, Frito-Lay

Brand value and positive customer engagement often go hand in hand, and there are many ways to measure the latter - from video completion rates to likes and shares. At Frito-Lay, Taffet is particularly excited by earned impressions. “The reason we look at this is because we want to see how many people are choosing to engage versus only looking at paid impressions,” she says.



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Figure 3. Which of the following KPIs are most widely used to judge the success of a campaign or across campaigns?



Source: Reuters Events: State of Marketing Survey 2023

However, she argues that the ultimate measure of the success of a campaign is return on investment (ROI) because it proves both effectiveness and efficiency. She also believes that creative content is at the heart of any successful campaign – but more on that in upcoming *Part 2, The Art & Science of Storytelling*.

DELIVERING VALUE AND KEEPING UP WITH CULTURE

The pandemic drove shifts in culture and, as the global recession bites, customer expectations and behaviors are evolving yet again. The Reuters Events survey reveals how brands are keeping up with cultural trends and customer expectations. Almost a third of respondents found this important enough to bring a cultural insights team in house, while a quarter had instigated a social media listening platform. (Figure 4)

Nick Graham, SVP, Global Head of Insights & Analytics at Mondelez International, shares a perspective: “A lot of the work we’re doing is around how to build the right value perception and how to take pricing in the right way on the right products, in order to make sure that we’re not hurting the consumer or our business at all.”

Meanwhile, at Nespresso, DeGeorge expects consumers to become increasingly fixated on values but argues this does not have to mean lower costs. In his view, product quality remains a primary driver for consumers. However, when competition is strong, secondary drivers, such as sustainability, diversity, equity and inclusion, become the “tie breaker”. Chief among those, and in particular for Gen Zs, is sustainability – the [World Economic Forum](#) reports that three-quarters of this cohort will choose sustainability over a brand name. But not only are customers demanding that brands do more, regulators and investors are too. According to the [Global Investing Impact Network](#), in 2022 the worldwide impact investing

market had close to \$1.2 trillion assets under management, up from \$502 billion in 2019.

For survey respondents, sustainability was a priority and remains important, if not more important, this year.

Graham echoes these findings. “It’s important now but if we think five years out, I don’t see any scenario where sustainability will be less important,” he says.

In 2022, Mondelez made sustainability a fundamental pillar of its growth strategy and put it at the heart of its business. From sourcing ingredients through to the supply chain and research and development teams, the group is carving out a long-term strategy to source more sustainably, reduce its carbon and water footprint, and make packaging fully recyclable.

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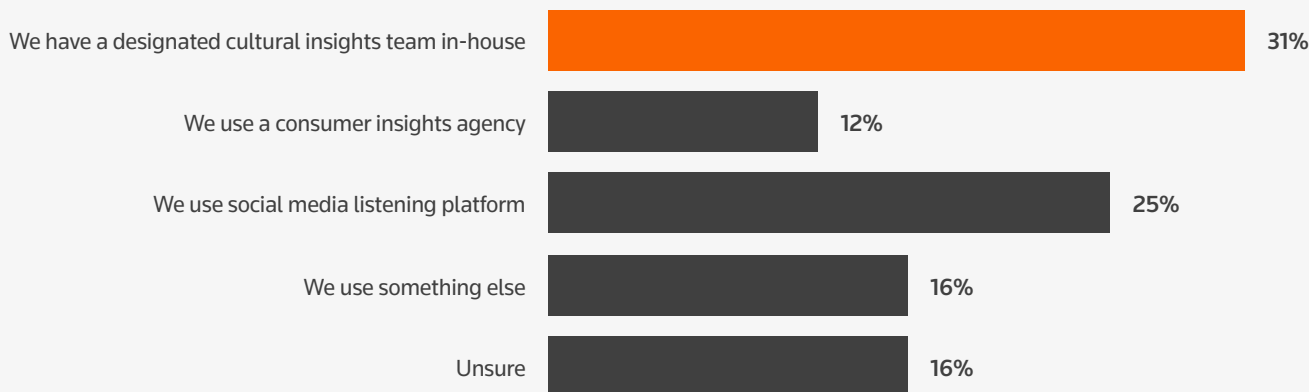
Nick Graham, SVP, Global Head of Insights & Analytics, Mondelez International

“We’re fully recognizing that growth and sustainability isn’t a duality, you can do both at the same time. In fact, it’s actually much more powerful to do so,” says Graham.

As regulatory pressure intensifies, simply ‘showing purpose’ will not be enough. “Doing is everything,” says DeGeorge, as is transparency, in particular when making big sustainability claims.

But the survey shows that more can be done. When it comes to whether brand causes are actually translating into

Figure 4. How are you keeping up with cultural trends and customer expectations?



Source: Reuters Events: State of Marketing Survey 2023

action, the picture is mixed. Just over a third of respondents say they are doing so very effectively. However, a third of brands are still unsure or do not think their efforts are effective at all, with 7% admitting to woke-washing. (Figure 5)

For DeGeorge it is clear that “efficient and so-called ‘ruthless’ performance marketing can only take you so far”. In his view, “over-indexing towards the lower funnel may pay off in the short term but organizations will pay for that over time”.

MOVING WITH THE TIMES

In a world of accelerating change, organizations recognize that a regular rethink of branding is important. Over half of survey respondents expect to rebrand within two years, and 88% within five years. (Figure 6)

This is even true for household name brands. Take Sony, for example, a company ranked ninth on Boston Consulting Group’s list of the [50 most innovative companies](#). It may have no trouble with brand awareness but, as Steven Fuld, SVP Marketing of Sony Corporation America, explains, “due to its history it was known principally as an electronics company”. The reality, however, is that Sony is “so much more than that”. In 2021, the group’s entertainment businesses – Sony Music, Sony Pictures and PlayStation – accounted for over half its revenue versus less than a quarter from electronic products and solutions.

But over the past few years, Sony Group has reframed its brand identity as a creative entertainment company with a solid foundation of technology. At the core of its compelling



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NESPRESSO’S POSITIVE CUP

Sustainability is taken seriously at Nespresso. It even has a dedicated website – [The Positive Cup](#) – which outlines how it is supporting everything from people and communities to circular economies, climate change and biodiversity.

Partnerships are center stage. At a global level, DeGeorge explains, Nespresso’s aluminium-recycling program and fair trade certification involves external partners. A sustainability advisory board, for example, draws insights from a range of educational institutions, and non-governmental organizations, such as the Rainforest Alliance. Meanwhile, on U.S. home turf DeGeorge says, “we’re fixated on driving awareness around recycling”. In New York City, the company has invested a \$1 million to add capabilities to its municipal recycling facility.

Figure 5. How effectively are the causes you are championing translating into action?

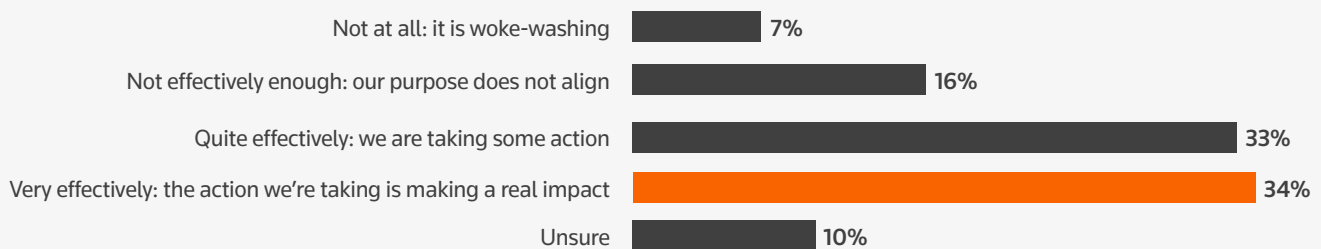
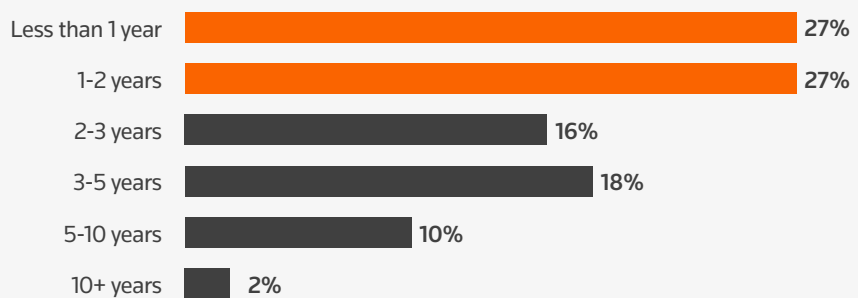


Figure 6. Consumer expectations are evolving at an exponential rate - when will you be looking to rebrand?



Source: Reuters Events: State of Marketing Survey 2023



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philosophy is *kando*, a Japanese word roughly translated as the power of emotional connection.

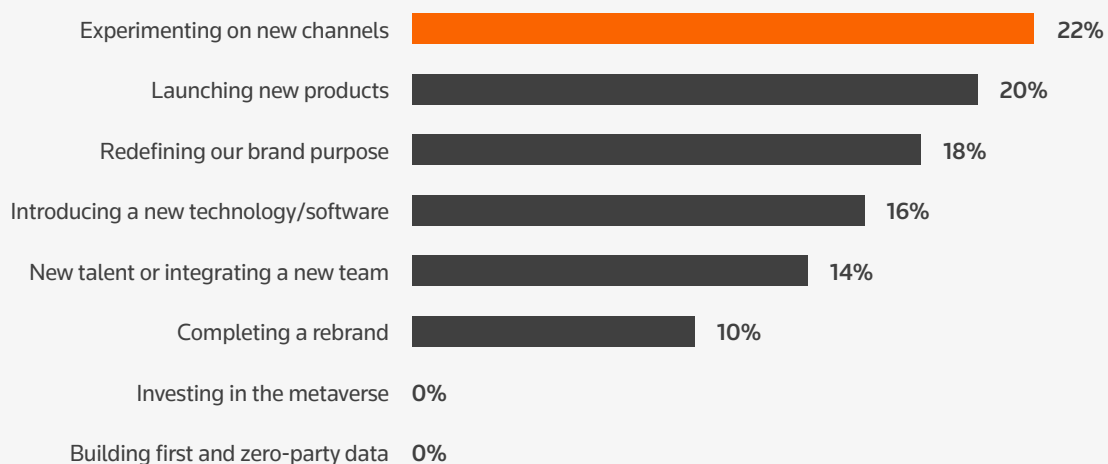
With this strategic shift, Fuld says Sony continues to “evolve the brand into one viewed as a supporter and enabler of creators that connects to customers in an emotional way”.

In short, building brand awareness, value and equity is a continuous process and one that savvy marketers are invested in. Asked what excited respondents most

in 2022, redefining brand purpose was number three on the list, and only after experimenting in new channels and launching new products. (Figure 7)

Looking ahead, in 2023 the most successful brands will meet their customers with fresh purpose and deep understanding. They will marry data-driven insight with human creativity. They will keep promises, measure the success of their efforts and deliver true value to customers in these uncertain times. ●

Figure 7. What are you most excited about achieving in 2022?



Source: Reuters Events: State of Marketing Survey 2023

Part 2 – The Art & Science of Storytelling – to be released in February, will bring you more findings from the Reuters Events: State of Marketing Survey with further insights from leading brands.

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– **Drieke Leenknegt**, Chief Marketing Officer, Timberland

Keynote Speakers at Strategic Marketing 2023



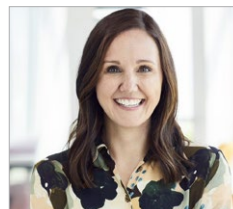
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