



Marketing Revolution

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**Xiang Hailong's Description of Baidu's Transition
Reflects the Marketing Challenges of Firms Globally.**

Key Marketing Transitions

Industrial
Revolution

Ability to efficiently
produce desirable
products

Mass
Production
Economies

Organizational
efforts focused on
persuading
customers to buy

Distribution
Economies

Knowledgeable
consumers
purchase products
based on ease of
access and
delivery

The
Future

Consumers
determine what
will be produced,
or produce it
themselves

China's Economy Has Grown and Matured, Therefore, Baidu Has Grown and Changed

My experience with Baidu

- I introduced Baidu to organizational integration and Integrated Marketing Communication (IMC)
- In 2012 we applied the SIVA concept to China
 - Solutions
 - Information
 - Value(s)
 - Access
- A customer-focused approach to filling consumer's needs through technology and innovation



What Baidu Envisions for the Future

- Using AI technology to “Energize Brands”
- Revolutionizing the Baidu commercial platform
- Helping Baidu customers build on-going brand relationships

4 Common Requirements for Today's Distribution-Driven Global Economies

1. Technology has leveled competitive fields – now based primarily on software capabilities/differentiation which consumers never see
2. Few physical market boundaries – limited only by consumer information

3. Little actual product differentiation – brands become dominant marketing driver
4. Consumers now focus on product/service acquisition – speed and personalization from supplier

Those 4 Requirements Force All Marketing Organizations to Change

Both Inside and Out!

McKinsey Argues Today's Marketers Are Being Challenged by:

Competing in a world of “**Sectors Without Borders**”



- No simple way to define market position or competitive space
 - Operating in “ecosystems”
- New levels of competition coming from:
 - Electronic data
 - Ubiquity of mobile interfaces
 - Growing power of artificial intelligence (AI)
- Ability to predict future needs, not just measure past results

- Creating New Frames of Reference
 - Tracking one-off purchases explains consumer's passage through time: how shopping journeys occur
 - Data and analytics reveal insights about customer's broader, longer-term needs: explain related/associated future wants/requirements
 - -“Network Factors” – illustrate how businesses/ products are related by customers and how they create interactions among/between them

Examples Abound

- Japan – Rakuten Ichiba
 - Inbound/outbound platform – 1997 - name = optimism
 - 70 product lines – 29 countries – golf to travel to cosmetics
 - 1 billion customers
- U.S. Amazon
 - Started as online book seller – 1994 - migrated to music and video
 - 2nd largest online seller – multiple countries – focus on delivery (Prime)
 - Opening retail – purchased Whole Foods.

**Distribution Economies
Do Not Develop in the
Same Way or at the
Same Time**

- Chinese market driven by mobile development:
 - order, buy, pay online – delivery determined by marketer
- U. S. mix of online/off-line purchasing:
 - pay by credit card – delivery used as promotional tool

**Today, We Can See
Those Innovations
Developing and Track
Their Progress**

The Greater Question:

What Follows Distribution Economies?

My View: Information Economies

- Information Economies – where consumers or users determine what will be produced and how it will be distributed – complete user control
- Developed by cooperative ventures between buyers and sellers following a common production approach – 3-D printing – software drives value
- Created value is shared by developers and users

The Future of Marketing and Communications in 3 Letters

PAR

WYK

P

Consumer behavior
PATTERNS

Consumer-focused
PLATFORMS



A

Technology-enabled **AGILITY**
Leads to real-time **ACTION**

R

RESPONSE to customer needs
RELEVANCE and enhanced
RELATIONSHIPS

P=

Consumer behavioral PATTERNS emerge from data, providing base for consumer-focused communication PLATFORMS.

A=

Technology enables firm AGILITY. Ability to read and react to real-time customer behaviors and anticipate future potential. Rapid change capabilities enable immediate ACTIONS. Result: real-time ...

R=

RESPONSE. Providing immediate, meaningful solutions to identified or expected consumer needs, requirements or requests. Results in increased RELEVANCE and enhanced RELATIONSHIPS.

PAR Challenges Many of the Short-Term Goals of Traditional Marketing

Segmentation



Replaced by borderless sectors based on customer needs

Targeting



Updated to acknowledge data availability and forecasting

Positioning



Revised to accommodate “borderless” product combinations

But, Any Marketer, with Technology and Data, Can Develop a PAR Program

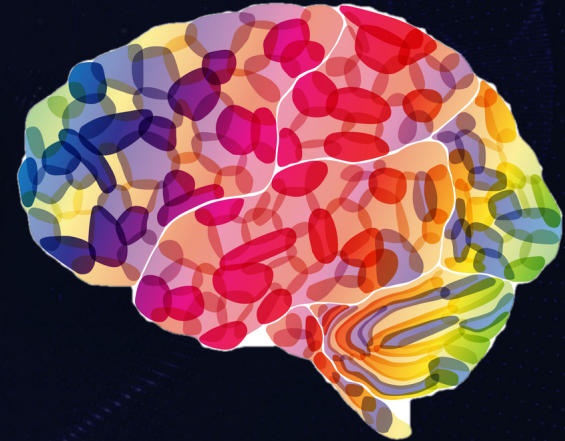
The Critical Differentiating Ingredient Is:

- The Brand
- Brand Understanding

That Comes from the Human Brain and Embedded Human Emotions

Unlocking Human Emotions Will be the Basis for the Information Economy

- Using technology to understand how consumers think, believe and act
- Relating consumer behaviors and actions to connect what “has been” to “what might be”
- Cooperating with consumers to build a “sharing brand relationship” - where buyers/sellers interact continuously



**Baidu Is Well on the Road to Mastering and Sharing the
Requirements of the Information Economy of the Future**

The Future Will Likely be.....

- One where we “awaken everything” – continuous interaction and involvement
- One where the “Internet of Things” (lofT) connects everything
- One where all media forms are interconnected and information flow is not restricted

Everything Becomes a Format for Buyer/Seller Interactions –
Seamless, Fluid, Continuously Updated, Interactive and Related



This Afternoon Is Simply a Preview of What the Future of Marketing and Marketing Communications Can and Will Be in the Information Economy

Baidu Has Identified That Future and Is Working to Give You the Tools and Techniques You Will Need to Succeed



So,

Sit Back and Watch the Future Unfold Based on
Baidu Thinking, Technology and the “Baidu Brain”

The background is a dark, deep blue field. In the center is a bright, glowing sphere composed of many small, light blue and white dots. Surrounding this central sphere are several concentric rings, each made of smaller, more widely spaced dots. These rings create a sense of depth and motion, as if they are expanding or contracting. The overall effect is a futuristic, digital, or cosmic aesthetic.

Thank You