∧M> | 2018 STATE OF MARKETING
Design Thinking

The Design Thinking whitepaper is part of the 2018 State of Marketing reporting.

On behalf of the San Diego Chapter of the American Marketing Association, Q2 Insights and FreshForm teamed up produce a multi-year Qualitative Research study on the state of marketing in the U.S. from the San Diego perspective. In 2018 a total of 40 high-profile corporate marketing and non-profit executives from a broad spectrum of 35 small, medium, and large Business to Consumer (B2C) and Business to Business (B2B) organizations participated in the State of Marketing Study. A total of 38 interviews were conducted in 2017. In 2018 a small number of the interviews were conducted with agencies. The study is designed to describe inspiring marketing practices, trends in marketing and the state of marketing today.

The full version of the report can be downloaded at www.sdama.org/report

Design Thinking

From the top down within the American Marketing Association (AMA) and in other marketing circles, Design Thinking is making its way into marketing. The CEO of the AMA, Russ Klein, is a long-time advocate of Design Thinking having employed the methodology many years ago during his Burger King days (2003) when he worked with Bain to create Design Targeting.

Design Thinking, a Human-Centered Design approach, is solution-based thinking that involves evaluating a problem or situation and determining a reasonable, practical plan to attack the problem or situation. A hallmark of Design Thinking is empathy for those for whom one is designing. What is being designed can be for just about anything imaginable. Design Thinking was initially developed as an approach to be used by those in a professional design practice, but it is now used for creative problem solving and design in business and social contexts.

Some define Design Thinking as a process with seven stages:

- Define
- Research
- Ideate
- Prototype
- Choose
- Implement
- Learn

Within these seven steps, problems are framed, the right questions are asked, ideas and solutions are created, and the best answers are chosen. The steps are not necessarily linear and can occur simultaneously and may be repeated. To ensure an ongoing process of innovation, the process is iterative.

Most Lack Familiarity with Design Thinking

Many marketers interviewed in 2018 were unfamiliar with Design Thinking and a number asked for a definition during our interviews. Some are vaguely aware of Design Thinking and report that the process has not yet been adopted within their organization or it is not a priority. Some organizations report that they are using Design Thinking, but descriptions of their activities suggest a lack of detailed understanding.

Among the few that have adopted Design Thinking, the process has streamlined efforts within their organizations allowing for more meaningful and successful work products.

- An e-commerce marketer explained everyone is thinking about design today. Brands such as Apple, Target, and Walmart have made strides in restructuring their offering, changing their designs to be more suited to customer needs.
  - Apple has made the world think differently about technology and how it can enrich your life through design.

- Walmart realized that their greatest weakness was the shopping experience. People do not like shopping at their stores. They took their strengths in convenience and price and combined it with the ease and accessibility of purchasing from Walmart online and customers do not have to go into the store anymore.

Although Design Thinking is starting to take a foothold in US marketing activities, in most cases, Design Thinking is not a marketing function among San Diego organizations.

Innate in What Some Companies Do

Design Thinking was not consciously adopted in some organizations, but marketers believe it has always been a part of their organization.

- One agency sees Design Thinking as a "new name for something we already do." Design Thinking is not a new concept. For example:
  - Advertising agencies in the 90s designed their office space to create an experience
  - Movie theaters started to provide popcorn as an element of a designed experience
  - Creation of the PT Cruiser was based on Design Thinking
- Applying principles used by companies like IDEO Global Design and Innovation Company and Frog Design, the agency uses Design Thinking to create or design experiences for customers.
- An academic institution explains that many university settings promote innovation, experimentation, and failure without consequence. This flexibility makes Design Thinking inherent in what they do in a way that might not be seen in other institutions.

Design Thinking to Assist in Organizational Health

Some organizations have adopted Design Thinking internally to effect more efficient collaboration across departments.

- An agency and nonprofit see the benefits of Design Thinking when looking at organization structure. By employing Design Thinking throughout the organization, they eliminated unnecessary silos, and departments work together in a more meaningful and efficient way. The realization is that without alignment of product, design, marketing, and sales, it is much more difficult to develop customer-centric products and brands.
- A life sciences company uses Design Thinking to impact product development. With collaboration between product design and marketing teams, go-to-market strategies are part of the product design. Without this collaboration marketing has very little room to market the product.

Use of Empathy

A key part of the Design Thinking process is creating empathy and emotional connections with the audience. One brand in the financial industry equates the Design Thinking process to "feel, think, do." Historically, marketers thought the natural process for decision making was "think, feel, do." This fundamental change has opened a plethora of opportunities to garner empathy and emotional connections with consumers.

Some organizations interviewed in 2018 use Design Thinking to create more "human brands."

- A food and beverage brand is working with their design team to "humanize" their brand. Creating an emotional tie to their brand or a specific product makes it hard for customers to consider or purchase from competitors.

  - The company recently launched "look books" by blending the fashion world with the culinary industry and creating product combinations that resemble color palettes related to spices or seasonings commonly used by their target audience. Ultimately, the product combinations allow the end user to see a full picture of their product offerings and visualize the products for their business.

- For one organization in the travel and tourism industry everything is designed and built using both human and animal centered empathy.

  - Exhibits are designed to meet the needs of animals and they are constantly looking to raise the level of care provided for animals. Not only is this the "right" thing to do for the animals, this also creates empathy between humans, animals and the brand. To display and communicate this sentiment an "Elephant Well Care Center" was designed so visitors can see the inside of the elephant barn. This transparency has led to increased understanding and awareness.

  - The organization is working on restructuring their children's zoo to address today's children's "nature deficit disorder." The new phase of the zoo will include nature elements such as rocks and trees for climbing and streams to wade through. This allows children the opportunity to become more accustomed to the outdoors and adults can recall doing these things as children, ultimately creating new memories and emotional connections with the organization.

- A children's broadcasting channel was built to provide children in need with alternative content to typical cable TV fare. The zoo-centered, family-friendly, non-objectional channel has created partnerships with area hospitals to conduct research on usage of their broadcast channel. Data from the studies are used to inform programming decisions moving forward.

- A San Diego news and media publication interprets Design Thinking as having research and data in the forefront of decision making, ensuring customer needs and wants are addressed in every product. Further, being open and willing to restructure or change based on what customers are saying is the key to successful Design Thinking.

- An academic institution uses research to drive their marketing plan. Whether faculty, staff, current student, prospective student, or community influencer, the university seeks insights from all audiences to design their brand's promise. This is taken a step further by also ensuring delivery on the promise is experienced while on campus. To this end the university has brought in a brand experience expert to implement a new initiative that connects student success, the brand's promise and delivery on the promise.

Design Thinking in Story Telling

A biotech marketer likens Design Thinking to The Challenger Sale six step process to building effective and emotional stories.

1. Empathy: Hey Leaders, it is tough being a leader, I get it. I can't believe with slashing budgets how tough your job is.

2. Reframe: But guess what, how you are approaching your service line today, you are wasting tens of millions of dollars, that money is going down the drain. You could be re-purposing that to derive value out of services.

3. Rational Drowning: You are going to drown in the data.

4. Emotional Impact: Do you want to be the organization in the newspaper headline because you have the wrong technology and a death occurred?

5. New Way: There is a way where you can find a better partner to drive your service line.

6. Brand: Our biotech company is uniquely positioned to solve this.

The biotech marketer admits most brands jump from step one to step six. It's really tough being a hospital CEO, our brand or product is amazing.

Many Perceptions of Design Thinking

While marketers have many interpretations of the Design Thinking concept, process, and how it is implemented, there is a lack of formal understanding of Design Thinking amongst San Diego marketers and little in the way of implementation within marketing departments and organizations.

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Q2 Insights

Experts in marketing research, Q2 Insights delivers information vital to strategic and tactical brand decisions. We blend cutting-edge innovation work with a full-spectrum of research methodologies— all totally customized to your goals. From insights that help drive positioning and branding, brand assessments, advertising studies, customer experience studies to statistically driven studies such as marketing size and potential, pricing, satisfaction, and segmentation, we do it all across a wide range of categories.

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FreshForm.

FreshForm is an experience design and innovation consultancy. We create, manage and measure customer and employee experiences. We use a people-centered approach to create personal connections and value for a wide array of innovative Fortune 500s, world-renowned universities, and growth-oriented businesses.

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AMA | San Diego

The San Diego Chapter of the American Marketing Association (AMA) is the organization for high-performing marketers who are serious about furthering their careers. AMA San Diego is the only education- and networking-focused organization that provides information, resources, international presence and valuable connections in a fun, approachable environment where its members can achieve their personal development goals.

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