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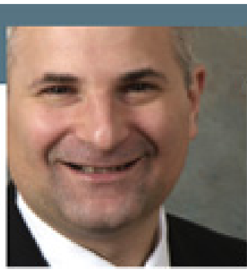
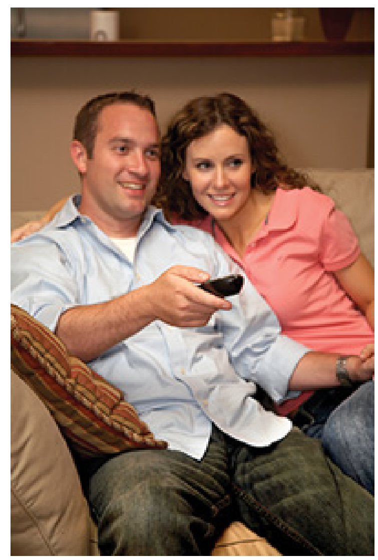


Good News: I Just Saved a Lot of Money on My Brand Building!

By Carl Langrock



At the risk of eliciting angry letters from the Caveman Anti-defamation League (and a currently popular ad campaign leads me to believe that they're a sensitive bunch), the concept of using one advertising channel to push sales and a different channel for brand building seems, well Neanderthal. To paraphrase former Zenith USA CEO Richard Hamilton, "It's not like the customers watch one TV set to get branded and a different TV set when they're ready to buy."

This probably isn't news to the excellent direct-response agencies in the Electronic Retailing Association who have helped so many different direct-marketing products become household names. Today, many of these same ERA agencies are feeling tremendous pressure--pressure that threatens their very business models. Brand advertisers are buying DR avails in massive quantities. This influx of new advertiser dollars is driving up the cost of the commercial inventory that is the life-sustaining oxygen to a product sold through direct response.

Many DR agencies are rising to the challenge. They're learning to thrive in a low-oxygen environment by squeezing every nickel out of their DRTV buys and complementing them with other channels--which is good, because the amount of high-quality/low-cost oxygen will continue to decrease. But for some, the air bag isn't half-empty, it's half-full. Brand advertisers are flooding DRTV because it works. Traditional DR agencies who can bring their tools to the table but package them in a brand-sensitive way have a deep new market for their expertise. And brand managers are ready to hear the story.
It's hard to think of an advertising category in which one or more of the leading brands are not using DRTV. Jim Warren, long-time traditional DR veteran and now director of direct services at Omnicom's GSD&M says, "Many CMOs on the client side are rising from the ranks of people who earned their stripes in the trenches of Internet marketing where they are used to metrics that produce quantifiable results." At GSD&M, Warren helps apply the tools of traditional DR to AT&T's re-branding campaign, which, according to The New York Times, was the largest campaign in television history

ADVERTISERS DEMAND ROI

More and more advertisers are demanding accountability and return on investment. Demand for ROI was a major topic at the Association of National Advertisers (ANA) conference in October 2005. According to Broadcasting and Cable magazine editor Joe Mandese, "[ANA members] were thinking about the role of three letters--R-O-I--and the new standards of accountability on Madison Avenue."

In March of 2006, Targetbase, an Omnicom direct-marketing agency, released a survey of chief marketing officers from 40 leading companies--a list that included Disney, General Mills, Honda, Sunkist and Whole Foods--on the intersection of marketing and corporate growth. Forty percent of those surveyed indicated that elusive ROI measures were their biggest challenge in achieving their growth objectives.

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Advertising Age followed with an April 2006 article, entitled "What P&G Learned From the Veg-O-Matic and the Ginsu Knife." The article concluded that, "In five or 10 years, all TV advertising will be some form of direct response as mainstream marketers seek a greater return on investment and look to switch to a metric that reflects how engaged an audience is with an ad rather than the sheer number of eyeballs reached."

Many brand agencies talk around the ROI issue, moving the discussion from a direct measurement of sales lift to the abstraction of indirectly measured consumer engagement. However, advertisers don't forget that advertising's impact on sales remains the point. According to the recently published Direct Marketing Association study, "The Integration of DM and Brand," between a quarter and a third of all marketers surveyed included a call to action and/or a response mechanism--such as an 800 number or URL--in their television advertising. The report's author, Eugenia Steingold, Ph.D., senior research manager at DMA stated, "Direct marketing's scalability, measurability and undeniable ROI has moved it to the forefront of all marketing, including branding. The findings of our latest report show that direct-marketing tactics designed to increase consumer awareness and action are ubiquitous--from URLs on all marketing materials, to 800 numbers, to calls to action in TV, radio and print ads--and across every other type of marketing media."

A direct response-based ROI mindset was a key factor in Wal-Mart's selection of DraftFCB and Martin to handle its category-leading account. After pulling the account back from Draft, Wal-Mart, amid various allegations related to the selection process, finally awarded their account to Richmond, Va.-based Martin Agency. Best known for their breakthrough creative with GEICO, a June 2007 Fast Company spotlight notes that Martin has integrated direct response with their creative since acquiring a direct mail agency in 1986.
Of the GEICO creative, Martin CEO Mike Hughes says, "It may look like a branding campaign, but it's really direct response TV. GEICO was not about to wait a couple of years for a brand campaign to take hold. We're measured on inquiries. And they check inquiries over there, well, every minute." Fast Company went on to conclude that, "It seems a safe bet that it was numbers like GEICO's--not the misunderstood cavemen or lovelorn lizard--that made [Wal-Mart] take notice. After all, its initial agency choice, DraftFCB, made its reputation in direct mail. So when [the selection allegations] blew up in its face, Martin, with a similar granular discipline, became the natural replacement."

MARKET-READY ROI

With creative that sells, data that support decisions, technology that tracks results and advertisers eager for ROI, the marketplace is coming to DR. Opportunity abounds; it need not stop with mega-brands serviced by global agencies. Regional agencies, like Advanced Results Marketing in Boston, Finelight in Indiana, Media Options in New York and Rubin Postaer Associates in Los Angeles buy for leading brands in the insurance, healthcare, telecommunications, fast-food, tourism and entertainment categories. According to Chris Conderino, executive vice president of planning and client services at ZenithOptimedia Direct, "In order for traditional DR agencies to win brand advertisers, they need to be able to talk in terms that both direct response and traditional advertising marketers are used to hearing. For example, they need to report ratings as well as measures related to cost per lead and cost per sale."

Expanding the tools of the DR trade into brand advertising is good for business. Next month I will introduce two creative ways to leverage traditional DR techniques for brand building. In the meantime, I have some cave-mail to answer on my Rockberry.

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