

JANUARY 25, 2008

Agencies needlessly fret about marketing's future

Can you target too much?

Advertising agencies have the most to lose in the new digital revolution, even more than broadcasters, according to an article in Adweek published Nov. 14.

This is the conclusion of a study done by Accenture management consulting firm after interviewing executives from agencies, media companies and technology providers.

Clearly, advertising agency executives are still panicking over the changes going on in media. They have to be concerned about their own relevance in a world where advertisers and customers can have a conversation without the advertising agency being in the middle.

It's not news that newspapers are losing readers to the Internet every day. Mass broadcast media have been fragmenting ever since cable TV really got going.

The fine-tuning of targeted marketing has left us with hardly any mass media. It turns out that this fragmentation is potentially disastrous — for both large and small businesses.

If you were a huge advertiser, the thought of buying TV media that would reach 50 million TV households for several million dollars — like you could back in the day when a roadblock meant buying time on only three networks — would sound like nirvana now. Today, if you want to “buy Thursday night,” it would be a complicated, incredibly expensive nightmare.

Your only real mass media options are the Super Bowl and the Oscars.

With Coke or McDonald's, your target is just about everyone. That means it takes a lot of resources to put together an intelligent media plan. What's more, you have to wonder if your message gets lost among all the more relevant appeals. If you're advertising Coke during a cable show about tennis, does your spot need to be about tennis? Do you need a different spot on “Animal Planet”? It's not just a media-buying question anymore. Fragmented media will cost

MARKETING WISE



Spyro Kourtis



you more in a lot of different ways. It's counterintuitive, but your problems aren't solved if you have a tighter target. If you sell running shoes made from recycled materials, you can focus on the media outlets that serve your audience — but you might be missing an awful lot of runners (and potential runners) who care about the environment. Far more significant in the short run is that your costs will be sky-high, partly because all the mass marketers with big budgets will be in your space, too.

There's more trouble ahead.

The Adweek article goes on to explain that the executives who were surveyed are feeling helpless and unprepared for the future. More than 70 percent said the industry is not “technologically prepared for the resulting changes in performance measurement.”

These agency execs go on to say it's now harder to target and track and develop campaigns.

That's only partly true.

It's not that targeting and tracking is harder. Getting a handle on measurement is not only possible, it's actually easier than it's ever been. Saying the industry isn't “technologically prepared” is a smoke screen. You can measure every click, every call, every text message, almost everything in our world of “new media.”

Developing the campaign itself has definitely gotten more complicated. You have to think about more than just a television campaign. You have to consider online marketing and all that could entail.

You may even need to think about mobile marketing.

But I don't think that's the real issue.

It's the fact of measurement that has traditional players in a panic. If you have never been graded on your performance, the idea can be pretty intimidating. The rules of the game have been changing for the past decade or more. And it looks like a lot of people are still upset about it.

This revolution means they will have to forget about what makes their peers respond at advertising awards ceremonies (the only feedback they've had for the past 50 years) and instead learn what makes customers respond.

The point is no longer to have a big creative idea. It's about big ideas in every area of the clients' business — product, media, offer, pricing, everything.

That's why, just as direct marketers prevailed in the late '90s — when everyone was saying the whole economy had flipped to new rules — they will prevail again in this decade.

Yet direct marketers continue to have a big challenge in front of them.

Now that mass media are fragmenting, the competition for space and time in those media is becoming intense. That means prices are going up. The cost to reach a valuable target audience will get very expensive. Advertisers who really could thrive in mass media — GM or Pizza Hut, for example — now need to move into targeted media because there's really no mass media left for them. They can afford to squeeze out the guy who wants to advertise on The Golf Channel because he has a great new club.

So we all need mass media. Even those of us who don't ever buy it as a marketing channel.

SPYRO KOURTIS is president/CEO of Hacker Group, located in Bellevue. Contact him at 425-454-8556 or skourtis@hackergroup.com.