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Marketing’s Neo-Renaissance:
AN OPPORTUNITY FOR TOMORROW’S MULTI-CHANNEL INTEGRATED MARKETER

William Misloski

“\textit{The business of advertising is under extraordinary pressure. Digital technologies, shifting consumer behavior and demands for accountability threaten — in some cases already have damaged — decades-old business models.}”
Bradley Johnson, AdAge

The Marketing Neo-Renaissance

For the past 10 years, the benefits of one-to-one, relationship marketing, customer relationship management, database marketing, targeted marketing and a handful of other terms have been shouted from the rooftops as a means to describe the uniqueness of communicating with your customers for an ultimate relationship. But has anyone been listening?

Sure, some have, but only a few. We continue to open our Sunday newspapers to the bombardment of free-standing inserts. We are exposed to TV commercials that are relevant to only a handful of us. And we see identical print ads running in a golf, business or knitting magazine. Certainly the audiences that read these publications differ in some way? Couldn’t advertisers benefit from tailoring their messages to be relevant?

The age of new marketing isn’t much different than preparing for the millennium. There were those companies that got their computer systems in order and survived. And then there were others that ignored the warnings and weren’t as successful. The same is true with the recent marketing warnings. Those companies that listen and adjust their marketing techniques to be customer-driven will excel in the new age. Those that continue to believe that mass marketing is not dead will face even greater challenges.

What is the Marketing Neo-Renaissance? It is successfully connecting with a prospect/customer by sending not only the message they want to hear, but also when and where they want to hear it. The era of integrated multi-channel marketing is here, and the consumer is calling the shots.

The Age of the Consumer

Traditional marketing has to adapt and evolve as we enter a new era where consumers determine where, when and how they will consume media — in fact some have called this new era the age of the consumer. Consumers are now in full control of their media consumption, which no longer leaves them at the mercy of unwanted marketing messages.

Success for traditional marketers can no longer be determined by simply reaching out to a mass audience through a mass medium. Today’s audiences are too fragmented among personal interests and multiple media outlets, such as the Internet, e-mail, video gaming, in-store kiosks, etc. Similarly, one-to-one marketers need to adapt more than just a message. Successful marketing goes beyond knowing that someone is interested in golf, and therefore catering a message by incorporating clever words such as
“fore” and “green.”

Consumers now take full advantage of the new media options available to them, such as video on demand, the Internet and video games, and often consume several media simultaneously, such as TV and the Internet, video games and music, and magazines and DVDs. The challenge for marketers in this new era is to understand target audiences so intimately that they can incorporate marketing messages into the audiences’ lifestyles without being a distraction. Once a marketer becomes a distraction, the consumer may turn them off forever.

Herein lies the opportunity for multi-channel integrated marketers.

The bedrock of integrated marketing communications is having a thorough knowledge of one’s customers. It will be the marketers who understand their customer’s media consumption habits, lifestyle interests and purchase behavior who will survive and thrive in the coming age.

By thoroughly understanding consumers and coupling that knowledge with an integrated multi-channel strategy, integrated marketers will be able to reach their audiences in more relevant ways than ever before.

**Emerging Trends**

**Consumers Have Control**

Prior to the early ‘90s, it was easy for marketers to access a niche audience through mass or semi-targeted channels (i.e., direct mail or e-mail).

With the evolution of the Internet and advances in home technology, consumers can now easily eliminate marketing messages by skipping or deleting them, ultimately giving them control over marketers’ use of communication channels.

Moreover, consumers have access to more information. The Internet has started a free flow of information giving consumers the ability to compare pricing, negotiate and then make a purchase from anywhere, at anytime. No other medium in history has ever given consumers this much freedom and power.

Like the Internet, personal technology for the home has taken on new forms, including DVRs (Digital Video Recorders i.e., TiVo), satellite radio and video on demand. This has essentially eliminated TV commercials and turned traditional media on their heads. Consumers can now consume their media on their own terms on their own time. Joseph Jaffe of iMediaConnection has termed this as “prime time becoming ‘my time’” for the consumer (Jaffe, 2004).

**Expanded Media and Fragmented Audiences**

There has never been a time in history where consumers have had so many different channels to consume, including video games, digital cable, the Internet, satellite radio, DVRs, iPods, video on demand, DVDs, special interest magazines and personal computers.

As media options expand, consumers are gravitating toward media with content that is most relevant and interesting to them. This has begun to give traditional marketers a headache, because audiences are being scattered around the media landscape in very small niche groups.

In fact, a survey conducted by the American Advertising Federation in 2003, showed 80 percent of the advertising executives surveyed believed that audience fragmentation is the biggest challenge facing the ad industry today and will continue to be in the future (Consoli, 2003).

A 2003 *Fortune* magazine article, “Power Shift,” says that in 1995 it took three TV commercials to reach 80 percent of women aged 18 to 49. In 2000, it took 97 TV ads to reach that same group (Boyle, 2003).

**Accountability**

Marketers are being held to the bottom line, compensation is being tied into performance and every marketing dollar spent needs a measured return on investment or ROI. In order to
ensure these quantitative measures are met, there needs to be a significant marketing investment in tracking and measurement applications.

The Information Age has shown a proliferation of tracking mechanisms and metrics that marketers can use to measure ROI and performance across multiple marketing campaigns. These mechanisms are primarily based on an Internet protocol where a purchase or action can be measured for performance in real time. The success of measurement in the online world and the pressure to perform for the bottom line has pushed marketers to look for ways of measuring ROI on all traditional marketing investments.

**A Shift in Communication Structure for the World's Largest Brands**

As mentioned, not all marketers have had their eyes closed to the warning signs on the horizon. In fact, over the last year, some of the world’s largest brands have declared profound changes to their traditional marketing methods.

**Proctor & Gamble**

In February of 2004, Jim Stengel, global marketing officer for Proctor & Gamble (P&G), said in a speech to an audience at the American Association of Advertising Agencies (AAAA) Media Conference, that “we are still too dependent on marketing tactics that are not ‘in touch’ with today’s consumer.”

Stengel went on to outline three guiding principles that P&G will follow for future marketing communications (Stengel, 2004).

- **Holistic marketing:** “There must be life beyond the 30-second TV spot,” explained Stengel. “Brands that rely too heavily on mainstream media will lose touch.” Stengel envisions a world where both new and traditional media come together to effectively reach consumers.
- **Permission marketing:** Stengel described “permission marketing” as a state of mind across all aspects of marketing rather than as a tactic. The goal for future marketing initiatives is to create messages across all elements of the marketing mix that are so compelling that consumers invite marketers into their lives.
  - **The need for measurement:** Stengel talked about “holistic marketing” driving the industry forward, but up to this point the metrics have not been put in place to measure its effectiveness. Stengel announced that P&G would be an innovator in measuring holistic marketing and its influence on consumers’ purchase intent.

In summary, Stengel indicated that the “traditional marketing model is obsolete” and it will be the models created within the new media that will enable P&G to connect with customers in ways that are more relevant and (before now) never considered possible. Consumer packaged goods companies could always rely on the 30-second TV spot to reach their audience and never had to delve into one-to-one communication. With the advances in technology and customer control over the media, P&G has finally realized there is a need to change their strategy. By the reallocation of dollars, P&G no longer has to rely solely on in-store or mass media advertising. There are now ways within the online sector to not only reach masses, but track investment, build brand equity, loyalty and lifetime customer relationships. The ability to cost-effectively reach masses and build meaningful relationships was not something readily available to consumer packaged goods companies in the past.

**American Express**

On May 17, 2004, the *Wall Street Journal* ran an article titled “For Big Marketers Like AmEx, TV Ads Lose Starring Role.” The article discussed the plight of the 30-second TV spot, as several large marketers shift their advertising budgets into alternative marketing methods (Vranica, 2004).

The article focused on American Express, stating that in the early 1990s, American Express spent nearly 80 percent of their marketing budget on advertising. Today, American Express spends only 35 percent of their marketing budget on advertising. In a recent speech to NBC advertising sales executives, John Hayes, chief marketing officer for American Express, indicated that the days of a traditional advertising
media buy are “woefully over” (Vranica, 2004).

American Express has been deviating from traditional marketing methods for the past several years. In 1999, American Express started the shift away from television with the launch of their Blue card. The launch was supported with alternative methods such as sponsorship of a Sheryl Crow concert in Central Park, the placement of Blue labeled water bottles in health clubs and Blue ads printed on millions of popcorn bags at movie theaters.

Recently, American Express launched a series of online “Webisodes” — commercials exclusively aired online — featuring Jerry Seinfeld and Superman. These Webisodes drew in over two million viewers within the first two months. Additionally, American Express has launched a “museum-style” touring exhibit featuring photos of celebrity sponsors in their original print advertisements. To generate traffic for the exhibit, American Express communicated to local hotel concierges about the event, resulting in long lines at every exhibit (Vranica, 2004).

**McDonald’s**

Over the last year, in both a speech at Ad:Watch 2004 (an industry conference for top advertisers and marketers) and an interview with BusinessWeek, Larry Light, McDonald’s chief marketing officer, has declared “the end of brand positioning as we know it” (Light, 2004).

Instead of using one execution for one big idea, Light envisions taking one big idea and presenting it to consumers in a “multidimensional, multilayered and multifaceted way,” such as the “I’m Lovin’ It” campaign. Light has called this new way of marketing for McDonald’s “Brand Journalism,” where McDonald’s tries to communicate with consumers individually over a period of time across a multitude of media (Arndt, 2004).

The “I’m Lovin’ It” campaign speaks distinctly to different audiences based on age group, lifestyle, interests and cultural preferences. It is with this “Brand Journalism” that McDonald’s is able to weave into consumers’ lives and catch their attention at the most niche level.

Light does not see an end to the use of prime-time media for marketing, but he does believe that the mass market is a thing of the past. He also believes new media channels must be utilized in order to reach consumers on an individual level, using technology that enables marketers to reach out in more personalized ways. Light believes that consumers no longer want to be considered part of the mass market, but they want to identify as individuals within smaller groups. He calls this “the age of I” (Arndt, 2004).

The changes in the marketplace have caused McDonald’s to shift their marketing budget from two-thirds prime time media to two-thirds alternative channels, such as product placement, advergaming (advertisements within video games) and integrating their message into pop culture music.

**New Media Options: Leading the Revolution**

The disciplines within integrated marketing communications used to be as simple as direct marketing, advertising, public relations and sales promotion. Though those disciplines are still very useful, the strategies with which to achieve these tactics have been dramatically altered. There are now Internet tools equivalent to the traditional marketing tools.

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<tr>
<th>Traditional Tactics</th>
<th>New Age Equivalent</th>
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<tbody>
<tr>
<td>Print ad</td>
<td>Web banner ad and/or advergaming</td>
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<tr>
<td>TV commercial</td>
<td>Webisode coupled with word of mouth</td>
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<tr>
<td>Direct mail</td>
<td>E-mail</td>
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<tr>
<td>Press release</td>
<td>Search engine marketing and/or blogs</td>
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<tr>
<td>Sales promotion</td>
<td>Behaviorally targeted pop-up advertisements</td>
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One might think that the only thing that differentiates the new age from the traditional tactics is that fact that the new age tactics are online based. It is true that the new age tactics are online, but the fundamental difference between the two eras is the inherent tracking ability involved in each of these new tactics. Within the “new age” column, not only is each tactic trackable in terms of response, but some are
also trackable in terms of “views,” pass-alongs, click-throughs, etc. For example, a view would be how many times someone actually opened the e-mail to view it, a pass-along is tracking how many times that person forwarded the message and a click-through rate is how many times a person clicked through the e-mail itself. Under the traditional column, direct mail is the only semi-trackable tactic, and even this is limited to actual response. You aren’t able to tell if a consumer opened the piece of direct mail, only if they responded.

Let’s explore the power of this new era with a discussion of some of the tactics mentioned above.

**Search Engine Marketing**

Search engine marketing (SEM) has emerged as the star of interactive advertising. It’s quickly measured, cost effective and easily optimized in real-time. If a search campaign is not performing to predetermined metrics, it can simply be replaced with a new creative message or turned off completely.

According to eMarketer, SEM grew from a $927-million industry in 2002 to $2.3-billion industry in 2003, making SEM one of the faster growing mediums of all time. Further estimates by eMarketer project that the SEM industry will reach $5.6 billion in revenue by 2008 (eMarketer, 2004).

SEMPO (Search Engine Marketing Professional Organization) defines SEM as the act of marketing a Web site via search engines (Google, Yahoo, MSN, etc.). This may include technically improving a Web site so that it will be found by a search engine’s algorithm and placed into natural listings; paying for inclusion in natural listings; or paying for placement (sponsored listings). SEM can be made up of any or all of these three techniques.

For example, a consumer that is in need of office supplies might type the term “office supplies” into Google. The resulting page would display links to Web sites for the top office supply companies both in the “natural” listings and in the sponsored listings. In its simplest form, natural listings are considered anything that comes up on a search engine’s results page simply based on Web site key words and meta tags, rather than being sponsored or paid for. It is SEM working in the background for the office supply companies, insuring top placement on the results page.

The three tactical components of SEM, defined by SEMPO, are:

- **Search engine optimization (SEO):** The act of altering a Web site so that it does well in “organic” or “natural” listings of search engines. SEO enhances a Web site’s architecture so that it will become highly visible to search engines that use algorithms to gather relevant results. At the most basic level, a company would go about this by enhancing the meta tags on its site, i.e., by populating the tags with very specific key words. For example, an outdoor catalog might have meta tags such as outdoor, clothing, rugged, wilderness, etc.
- **Paid inclusion:** An advertising program in which pages are guaranteed to be included into a search engine’s index in exchange for a fee. Paid inclusion is an additional way to ensure visibility in the “organic” or “natural” sections on the search results page. High placement can’t be guaranteed with this method.
- **Paid placement:** An advertising program in which listings are guaranteed to appear in response to particular search terms, with a higher ranking typically obtained by paying more than other advertisers for that keyword or term.

**Advergaming**

Marketers have noticed that video games are becoming a way to reach consumers with their brands by using product-placement advertising within video games. Advertising within video games enables marketers to reach a large audience, especially those consumers who fall into the evasive and lucrative 18- to 34-year-old market.

The numbers speak for themselves with regard to the reach and potential of this medium. According to Jupiter Research, there are currently between 36 and 40 million players of computer and video games. This number is expected to reach 62 million by 2009, with 40 percent of these players falling between the ages of 18 and 34. The
average age of the current console video gamer is 28. And interestingly, 43 percent of online video game players are women over the age of 35. PricewaterhouseCoopers forecasts that video game software sales in the United States will reach $35.8 billion in 2007, up from $21.2 billion in 2002 (Kane, 2004).

Advergaming has the advantage of being non-intrusive when positioned naturally in the video-gaming environment. Video game product placement differs from TV and movie product placement because it is not as obvious and interruptive. The advantage of product placement within a video game is that the product takes on a life of its own. According to Gary Stein, senior analyst with Jupiter Research, there are three ways to integrate product placement into the gaming media: in-game billboards, integration into game play and integration of the brand or product into the storyline (Rodgers, 2004).

Examples of companies that are currently marketing within video games include: McDonald’s in Tony Hawk’s Underground, Honda’s Element brand in the game SSX 3, Sony Ericsson in Tom Clancy’s Splinter Cell and Old Spice’s brand Red Zone in the NCAA Football 2004 video game.

Agencies have even gotten into “the game” with the creation of separate units that focus on integrating their clients’ products and brands into video games. In mid-2003 Starcom Media Vest Group launched SMG Play and recently Young and Rubicam launched Bounce Interactive Gaming (BIG).

As video games integrate further into online-networked environments, marketers can expect the use of dynamic product placement with multiple brands being switched in and out of the advertising space on the fly. In a networked video gaming environment, marketers will be able to track the number of exposures/impressions of their ads in real time.

Word-of-Mouth, Buzz and Viral Marketing

Word-of-mouth, buzz and viral marketing are not new, but there has been a heightened awareness about these techniques as marketers search for alternative methods to reach consumers. In a recent survey conducted by Intelliseek, U.S. consumers were asked how much they trusted 21 types of marketing channels. “Recommendations from other consumers” ranked the highest of all marketing channels with 87 percent of U.S. consumers indicating that word of mouth is the most trustworthy marketing channel (eMarketer, 2001).

Proving that word of mouth has become a successful tool in the alternative marketing toolbox, P&G launched an internal group called Tremor (Tremor, 2004). Tremor has identified over 300,000 teenagers that they consider “thought leaders” or “influential” to their peer networks. These influential teens are then given first access to products, music, movies and fashion, in hopes that they will become enthusiastic enough to spread the word to their network. Because of its success with teen influencers, Tremor has recently announced that it will begin to recruit 400,000 to 600,000 mothers who are considered influencers or thought leaders within their peer groups.

Marketers have taken notice that word of mouth has become a powerful way to reach audiences, and both the Viral + Buzz Marketing Association (VBMA) and Word-of-Mouth Marketing Association have been created. Both organizations will strive to become advocates for the best practices and successes of viral marketing.

According to Justin Kirby, founder of the VBMA, viral marketing will be used as a synthesis between word-of-mouth and advertainment branding campaigns over the next three to five years (Rodgers, 2004). This technique has already been used with the recent “subservient chicken” campaign (Web site that allows consumers to command a person dressed as a chicken to perform various tasks) from Burger King,
which promotes the release of its Tender Crisp chicken sandwich; the BMW short films that are featured exclusively online; and the American Express Jerry Seinfeld/Superman online-only four-minute video.

A testimony to its success, Burger King’s www.subserviantchicken.com received 46 million hits within the first week (Elliott, 2004). This type of marketing allows consumers to experience the brand on their own terms, while at the same time being entertained. The subservient chicken campaign is different, grabs our attention, and gets us talking to others about it, thus serving its purpose — making us so enamored that we go out and spread the word, essentially promoting the brand.

Behavioral and Contextual Targeting

The true promise of online advertising is in sending the right offer at the right time during the purchase decision cycle. Behavioral and contextual targeting are somewhat new methods of online marketing where marketers can offer relevant messages to consumers in real time.

Contextual advertising gives marketers an opportunity to reach consumers based on the content of the information that the consumer is currently viewing online.

For example, a consumer is researching vehicles that have proven to be safe based on crash tests and is searching for articles about vehicle safety on a popular automotive vertical Web site. A vertical Web site is simply anything that pertains to a particular niche, such as automotive, crafts, etc. As the consumer starts to read the safety articles that have appeared, various blocks reserved for marketing messages will start to fill in with messages from the automotive companies whose cars are featured in the article. There might also be a message from the Michelin Man touting the “safest tire on the road” or a marketing message from OnStar letting consumers know “that you are always safe because OnStar is always there and ready to assist.”

Behavioral marketing is different than contextual marketing and is based on tracking the surfing and searching patterns of a consumer (called “click-stream” data) and then displaying ads in relation to those patterns. For example, a consumer may spend time viewing and researching articles in relation to automotive safety, while from time to time clicking on links about SUVs. Simultaneously, the technology in the background will follow this consumer around displaying ads for the Volvo XC90 (Volvo’s SUV), tying in both the safety and SUV themes. Volvo may have requested to serve these specific ads to those whose surfing patterns showed interest in these specific topics.

Broadband Video Advertising

True online advertising — advertising more similar to what is seen on TV — has been talked about and been in development for years with little success. One thing starting to change all of that is the increased penetration of broadband connections in the home and workplace. Recent research indicates that close to 40 percent of households with computers have connections to the Internet via broadband. With this recent trend, publishers and their advertisers can now provide online video-based content.

One publisher that has found success with this model is ESPN.com with their ESPN Motion application. ESPN Motion is a proprietary system that users download in order to catch up on sports highlights or commentary that they may have missed throughout the day. In exchange for content, consumers are exposed to 15- or 30-second advertising clips from various sponsors. ESPN Motion’s advertisers have grown to about 30 this year from about 12 last year. Advertisers include Budweiser, Gatorade, various movie studios and soft drink companies. At this point, ESPN Motion is able to deliver close to one million ad views per day (Weeks, 2004). Other publishers who are staking their ground in this new landscape are Foxnews.com, AtomFilms and MSN Video.

Conclusion

Marketing communications are radically changing as the Internet and media technology weave their way into our lives and lifestyles. Traditional marketing has lost its reach and effectiveness with mass audiences.

It is the core concepts of integrated marketing
communications that will drive success in this new marketing landscape. We must first understand our audience and where they choose to consume media; we must then understand how to integrate our core message throughout myriad new channels; and finally we must know how to effectively communicate our core message at the time and place where our stakeholders are most receptive.

The following will help marketers successfully join the era of the consumer:

- Know your customer – know their lifestyle interests, product consumption behavior, purchase behavior, media consumption habits, demographics, motivations and attitudes.
- Establish pertinent product offerings and relevant communications.
- Establish and maintain a strong brand.
- Design creative that stands out from the competition.
- Give customers something to talk about (encourage word of mouth) and the customers will become your sales force.

In the past, it was okay for marketers to put all of their resources into one channel of communication because the message would reach enough of the mass audience to drive business. In this new environment, marketers have to integrate communications across multiple channels and tools at opportune times in order to reach the same critical mass that drove businesses in the past.

If we as integrated marketers embrace the trends of the Information Age and utilize our core concepts across multiple channels, we will reach our audiences effectively. Not only will we survive in this new environment, we will thrive.

References

William Misloski currently serves as e-Commerce marketing manager for OfficeMax, supporting both OfficeMax.com and OfficeMax direct. He is an active member of both the Chicago Interactive Marketing Association and the Chicago Association of Direct Marketing. Recently, Will has begun speaking at industry events on the best practices within interactive marketing space. Previous to OfficeMax, he was at DoubleClick, working on interactive marketing initiatives with companies such as Experian, JC Penney, Radio Shack and Blockbuster. Will has also held leadership positions with direct marketing and interactive leaders, such as Solar Communications and Divine Interventures.

Will received his Bachelor of Science in finance from the University of Illinois at Urbana-Champaign and his master’s degree in integrated marketing communications from Northwestern University, where he focused his study on direct, database and e-commerce marketing and was awarded the Kappa Tau Alpha award for academic excellence. Will can be reached at wmisloski@officemax.com.