

The Long Goodbye

By Alan Mitchell | Commissioned by SMLXL 2003



'It's easy to get buried in the past, when you try to make a good thing last'
Neil Young

Introduction:

In 2003 we asked Alan Mitchell, an author and journalist to write his view on where he personally saw marketing going, what were the core issues and what he thought could be done to address those issues.

We have not altered Alan's views from 2003, there are things that now we could change, but it is testament to his vision and thinking that this paper still stands the test of time.¹

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The marketing services industry today presents us with a strange spectacle. Universally, it's recognized that marketing isn't working as well as it once used to. It's not as efficient or as effective as it once was. Demonstrating accountability and return on investment remains a challenge.

We also have a list of usual-suspect culprits that we can all reel off at a moment's notice: media fragmentation, consumer sophistication and marketing literacy, and so on.

Crisis? What crisis?

Yet no matter how familiar we become with the issues and the problems, we don't ever really seem to make any significant progress. 'Crisis' is a word that's never too far from any marketing commentator – or practitioner's – lips. But there's another word which is even more to the point: *paralysis*.

Most of the marketing communications problems and issues debated today were raised years, even decades, ago. Trouble is, they've remained just that: problems and issues. Genuine solutions and ways forward seem as far away as ever.

The real crisis facing marketing communications is not that it faces change and challenge. For any healthy industry, that's a spur to innovation, creativity and progress. Many years ago, for example, the advent of first radio, and then TV, presented major technical, business model, operational and intellectual challenges to advertisers and their agencies . . . only for these challenges to open the way to new 'golden ages'. Surely, today's new media should be no different? After all, it's not as though the industry lacks resources, skills, intellect or a will to improve. We have them all, in abundance.

No. The real crisis is not the existence of problems and challenges, but the industry's paralysis in the face of these challenges. To understand this paralysis, we need to dig deeper.

Fixing strategies

Today's marketing communications crisis is *systemic*. It's not simply that marketing isn't as effective as it used to be, or that new media and communications channels are making things more complicated, or that marketplaces are more crowded and competitive.

If these were isolated problems in their own right, we could deal with them. That's precisely how we've dealt so successfully with challenges and change in the past. We've set specialists in areas like advertising, direct marketing, sponsorship and design to work on their part of the problem, to improve the performance of their specialty.

But such a 'fixing strategy' only works if all these parts still fit together as they should: if the system itself is still healthy. If the system itself has become dysfunctional, so that its various parts are no longer working together in harmony, however, attempting to 'fix' the

performance of these parts in isolation no longer works. Just as aerobic exercise and muscle toning doesn't help us cure cancer.

Yesterday marketing 'worked' well because all the parts of the marketing system chimed to create a superbly aligned, self-reinforcing system with its own in-built momentum. New technologies created new media such as radio and TV which delivered mass audiences, eager to hear about new value propositions. Advertisements on these new channels drove consumers into shops. This delivered increased revenues and reduced risks for producers, who were then encouraged to invest even more in new economies of scale and new products – thereby creating 'new news' for a new round of advertising that added even more momentum to the spiral.

Technologies, consumer attitudes and economics all came together in mutually reinforcing harmony, all adding to each other's momentum . . . to create a virtuous spiral.

Today, however, the parts aren't working together any more. They're clashing. The system is at war with itself. It has entered a spiral of decline. A virtuous spiral has degenerated into a vicious circle.

A system in crisis.

Technologies, structural changes, systemic effects (such as information overload), changing **consumer attitudes**, increasingly stringent **regulation** are all combining to undermine the **economics** and logic of modern marketing.

It's not just that different parts, such as advertising are 'less effective'. The system as a whole has become dysfunctional.

The new – negative – dynamic looks a bit like this.

Separately and together, **new technologies** in the form of satellite, cable, the Internet, mobile telephony etc have triggered a proliferation of new media and communication channels and the rapid fragmentation of audiences. This is a **structural** change affecting the entire industry, transforming the costs of using and accessing media and the habits of audiences (e.g. 'sit forward' search modes rather than 'sit back' audience modes).

The explosion of new media channels, plus the increasing maturity and fragmentation of traditional media, has in turn helped to create increasing marketing and information overload. This is a 'systemic' effect. It's not created by the actions of any one single player, but by the combined actions of many players. It cannot therefore be resolved by any one player acting alone.

Faced with these trends, **consumer attitudes** are hardening. An increasingly marketing literate audience is feeling the ill-effects of 'attention poverty' and becoming increasingly hostile to old-style 'intrusion' messaging. So they are turning to new technologies to

actively exclude marketers from their lives via, for example, spam filters and pop-up blocks on the Internet and advertising-skipping personal video recorders in TV.

Regulators are responding to the same consumer pressures by imposing increasingly stringent legislation relating to issues such as privacy and opt-in versus opt-out communications, while driving marketers to intensify self-regulation too (e.g. mailing preference, ‘do not phone’ services, etc).

Working away in the background, other problems such as increased overcapacity and **product parity** mean that advertisers have less genuinely ‘new news’ to offer anyway. Compared to former times of real innovation and market growth, what they have to say is, literally, not as worth paying attention to.

All these factors are, in turn, transforming the **economics** of marketing communications. The cost of gaining audience attention and ‘cutting through the clutter’ is rising inexorably, as response rates fall. And many attempts to improve these economics, by grabbing consumers’ attention more insistently, or covertly, only exacerbate the problem, increasing hostility and pressure for regulation.

An endemic crisis

Marketing has a **value** crisis as its costs rise and its benefits fall, for both buyers and sellers. In its broadest sense, encompassing all go-to-market activities, marketing now accounts for 50% of all economic activity. But is it really worth paying for? If it were a product in its own right, would anyone want to buy it?

Marketing has a **values** crisis. Society is now asking awkward questions about the ethics and social value of marketing. Who, and what, is all this money really being spent for. Who benefits? Does it really add any value for consumers? What about its ethical, social, or environmental benefits and effects?

So here’s the problem. None of the trends outlined above are likely to reverse in the coming years. To the contrary, all the evidence suggests they’re going to intensify and accelerate.

But it’s many years – decades – since marketers really ever had to look at marketing communications in a systemic way: at how the parts fit together to generate real synergy. In fact, all our specialisms, silos, budgetary buckets and mindsets point in the opposite direction: they’re all focused on making each, different part work ‘better’ in isolation.

Thus, as TV advertising becomes less effective, advertisers and their agencies intensify their searching for ways to make it more effective again. If direct marketing response rates are falling, they search even harder for ways to boost them again – by gathering more, richer data; via customer relationship management programmes, and so on.

In other words, the underlying mindset hasn’t changed at all. We’re still trying to recreate a golden age that’s fading, rather than work on the basis of new realities. Even where the potential of new channels such as the Internet are recognized, it’s within existing mental models, and as an adjunct. Marketers are still thinking, planning and acting in terms of concepts such as ‘eyeballs’, ‘awareness’ and response rates that were invented decades

ago. Experiments with new channels are seen as just that: a matter of incremental change and budgetary re-adjustment. Not the spur to a root-and-branch rethink.

But the fact is, the past has passed. Our long goodbye to yesterday's golden age must end. It's time we moved forward, again. We need to re-invent marketing.

Why do companies hold back from reinventing marketing?

There are many reasons. They include:

Denial: baulking at the sheer enormity of the challenge, in terms of both mindsets and mental models and practicalities.

Silos and structures There is no one whose job it is to see the big picture, and who is in a position to do something about it. Practitioners are paid to be experts and specialists who make the status quo work better, not to challenge it.

Vested interests. Specialists (in both clients and agencies) are fearful of losing their special positions within a new marketing order.

Evidence of success. Most of today's marketing's problems are a product of gradually unfolding, long term trends. At any one point on this gradient, companies can see opportunities to climb back up towards a higher level of efficiency and effectiveness (thanks to deeper insights, experience, new tools and technologies etc). As pragmatists, they naturally seize on this opportunity, and end up focusing resources on fixing the past rather than inventing the future. ¹

Faith in half-answers. Many of the 'big ideas' being talked about in marketing circles today address *a part* of the challenge, but are weak in other respects (see box below). In doing so, they appear to offer more of a way forward than they can ultimately deliver

A new marketing system?

The essential attribute of a successful marketing system is that it creates its own momentum: a virtuous spiral. It goes with the flow the main technology, structural, attitudinal, regulatory and economic trends to create a new win-win synthesis. That's what the old marketing system did in its day. That's what we need to do today.

This list below pinpoints some key attributes of this new approach to marketing.

Return on attention. Audience attention is not a free, infinite resource. For today's audiences attention-time is a precious commodity. The marketing communications exercise must therefore *add value* for its audience in its own right: it must provide 'return on attention'. If anything, this is the most important and the hardest step for traditional practitioners to take. Their world of aggregated, abstract 'eyeballs', interruption and intrusion takes little

account of the information or other needs of message receivers. Its focus is on meeting the needs of the message *sender* not the message receiver.² The emerging marketing philosophy must be ‘win-win’, and this must inform both strategy development and execution.

Multi-platform Today’s world is multi-platform and multi-channel, and communications must be designed and executed around this fact.

Coherent Unity must be achieved via an overarching theme or idea. ‘Integrated’ is not really the right word, because ‘integration’ assumes we are starting with separate bits which we need to bring together. Coherence means we are starting from one single perspective and then allowing for many different manifestations of the central theme.

Technology savvy New technologies offer huge opportunities in areas such as interactivity, immediacy, accessibility and addressability. Communications programmes need to use these opportunities to the full.

Economically efficient Yesterday’s saturation-bombing ‘just-in-case’ messaging strategies were inherently inefficient. By combining the above features creatively, new levels of cost efficiency can be reached.

Mainstream If the initiative is small and marginal, it’s not worth the candle. Bold and mainstream is the order of the day.

Strategically ‘on-target’ This goes without saying: the communications exercise must still address the organization’s needs either narrowly in terms of product or service awareness/relevance and/or broadly in terms of corporate reputation, positive brand associations etc.

There isn’t just one approach that achieves this new synthesis. There are a range of possibilities. For example:

1. To create ‘matching and connecting’ processes that revolve around the rich use of personal information and new information technologies and that put the consumer/buyer in control.
2. To achieve pervasive penetration, so that the brand and its manifestations become an accepted part of every day life.
3. To create fame via engagement marketing.

² Historically, it is the marketer’s assumption that the value he offers is embedded in the product or service he is selling. The cost of marketing is a necessary cost of realizing this value. It is not meant to add value in its own right. However, in a world where total go-to-market costs can account for 50% or more of total costs this neat division of labour is no longer tenable.

Our focus here is Engagement Marketing.

Engagement Marketing

Engagement marketing seizes the problems of modern marketing by the throat, and turns them into an opportunity. First step is a piece of intellectual property: a communications idea that deliberately seeks out opportunities:

1. To engage its audiences on a multi-media and multi-platform basis (the event, the show, the TV programme, the spin-off newspaper articles, the phone-ins etc)
2. To encourage audiences' active involvement and participation, either directly by voting or debating, or indirectly via peer-to-peer buzz
3. To ride the waves of convergence: of multi-media, popular culture and commerce; of media, culture and technology.

Along the way, engagement marketing programs will probably require the recruitment of marketing partners who need to work together, closely, over an extended period of time. As well as shelling out money in order to attract 'eyeballs' and audiences, they will also generate revenue raising opportunities. If the idea and engagement is strong enough, people will be prepared to pay for it: either indirectly (e.g. a ticket to an event) or indirectly (e.g. broadcasters paying for programming rights).

Of course, there's nothing new under the sun and looking back we can see that the principles of engagement marketing were instinctively applied by marketers from the very earliest days.

The Tour De France, for example, was originally invented in 1903 as a circulation-boosting promotional device for daily sporting newspaper L'Equipe. Today, it's a global sporting event annually attracting 1200 journalists from 350 publications and news agencies, the active participation of the 15 million people who line its route, to be broadcast over 75 channels in 170 countries via 2400 programming hours.

Ten years previously, the Tour de France was preceded by the Paris-Rouen motor race – a cooperation between newspapers seeking circulation boosts and motor car companies like Daimler and Peugeot who wanted to prove the prowess of their vehicles (especially their superiority over horses). The successful formula quickly crossed the channel to a wide range of spectacular races in the US and to the UK where a London-Brighton race was used for another purpose: to campaign against the 'red flag' laws, which specified that each vehicle had to have at least three drivers and go no faster than three miles an hour.

More recent examples of the engagement marketing principle include the following:

1. Carling's Homecoming programme which connects with Carling's 18-24 year old target market by bringing famous pop bands back to their home towns for free live concerts. The programme generates extensive PR coverage, a database (from fans registering for free tickets), TV coverage (its Jamiroquai gig on Channel 4 attracted an audience of 750,000), potential income from record sales (Carling has struck a deal with record companies so that it owns half the content from the concerts), plus the usual opportunities for on-pack promotions, TV ads etc.
2. Channel 4's 'Indian Summer'. Designed to promote Channel 4's coverage of test match cricket, it quickly blossomed into a string of high-profile summer events involving film, music, sport, fashion and food, embracing a wide range of media and product partners.
3. Pop Idol, a TV programming idea which uses high levels of audience involvement to create a fan base that translates directly into record sales for winning artists.
4. Super Stable, a mobile horse racing game in Hong Kong that lets customers become virtual horse owners, training them to participate in horse races anytime, anywhere.
5. The Laureus sporting awards. Backed jointly by Daimler Chrysler and the Richemont luxury products group, the awards create a TV event focusing on global sports personalities which delivers saleable/barterable TV programming; a glossy sporting magazine (providing ideal editorial for the respective brands' advertising); plus a range of new sporting events such as a celebrity golfing challenge, a tennis challenge, and yachting regatta.

Many engagement marketing strategies have immediate and direct business objectives. Super Stable, for example, increased New World Mobility's data revenues by 50%. Others, such as Laureus, are more about associating sponsoring brands with desirable attributes such as (in this case, 'excellence', 'glamour' and 'excitement') in a cost effective way. Also, as in the case of the London-Brighton race, they can be used to engage the public on social and public policy issues.

Engagement marketing requires a different mindset, and a different organizational approach. It takes the new environment as its starting point, not as a problem which somehow has to be 'got round'. For example, it simply assumes that the program must provide audience value for attention in a way that works seamlessly across many platforms.

The challenge, of course, is in the execution. The original idea has to be big enough to win audience engagement and marketing partners. Getting the program off the ground requires crossing long-established internal and agency silos and budgetary buckets. Detailed coordination with perhaps many partners is a must. So much so in fact, that running an engagement marketing program is almost like running a business in its own right – and should be seen as such. A clear link with each backing brand/organization's commercial and marketing objectives is also essential.

But the bottom line is simple. Our long love affair with an outmoded model of marketing communication is coming to an end. The flame has gone cold and cannot be revived. However, new modes and new opportunities beckon. It's time to stop looking back, and start looking forward.

Engagement marketing in perspective

Most of the big ideas in marketing today go some way towards addressing the emerging marketing environment – but not far enough.

Integrated marketing recognizes the need for a multi-platform, multi-channel approach that crosses traditional media and specialist silos. But, in itself, it fails to address the need to earn consumers' attention. Ultimately, it's just super-charged interruption advertising which, if 'successful', will only intensify consumers' efforts to shut marketers out of their lives.

Permission marketing on the other hand, recognizes this need for permission, but still assumes consumers are taking a passive role in the marketing process (giving permission to be marketed to) and avoids the issue of customer acquisition: what if we are not already in a relationship where we can ask for permission?

Viral marketing addresses this need for fame – for bringing a message to potentially new customers – but it assumes we have something powerful enough to be viral about, is not under the marketer's control, and is ultimately only an ingredient of a solution, not a solution in its own right.

Relationship marketing (in its better iterations) gives the consumer some control and some return (e.g. in terms of higher relevance and greater convenience in conducting interactions) but focuses on 'sweating' the status quo: customers we already have a relationship with. It does not address the issue of fame, customer acquisition, or overall brand reputation.

Cause related marketing and corporate social responsibility does address the issue of reputation but, assuming the company can transcend deep and inbuilt consumer cynicism about many such exercises, it can only be one element of a much broader marketing strategy.

Brand entertainment– including the current trend towards increased 'branded content' and linking 'Madison & Vine' – recognizes the need to earn consumers' attention. But most interpretations of these themes are far too narrow. Engagement/entertainment is mostly just good old-fashioned advertising creativity newly dressed up. And branded content initiatives, such as advertiser funded programmes, product placement, and programme sponsorship, are often little more than attempts to 'smuggle' messages through to consumers via editorial – and instantly recognized as such by broadcasters and viewers alike.

All of these ideas show that marketers are trying to come to terms with the new environment.

SMLXL What we do: Create customer and business value in the digital age

SMLXL creates new products and services, new ways to communicate, new ways to create consumer communities and new ways to win their advocacy.

SMLXL advises businesses and organisations on how to better engage with their customers, audiences and social networks to develop strategies and engagement thinking that enables them to create brands and propositions that carve out deeper and more significant roles in people's lives and that can be leveraged in a multitude of ways to reflect different stakeholder needs, and how to successfully derive revenues from those interactions.

In today's world, creativity has to be repurposed for the world we now inhabit. It is a synthesis of understanding business, media, peer-to-peer flows of communication and, the economics of our digital world. We call it Engagement, and, were the first to do so.

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