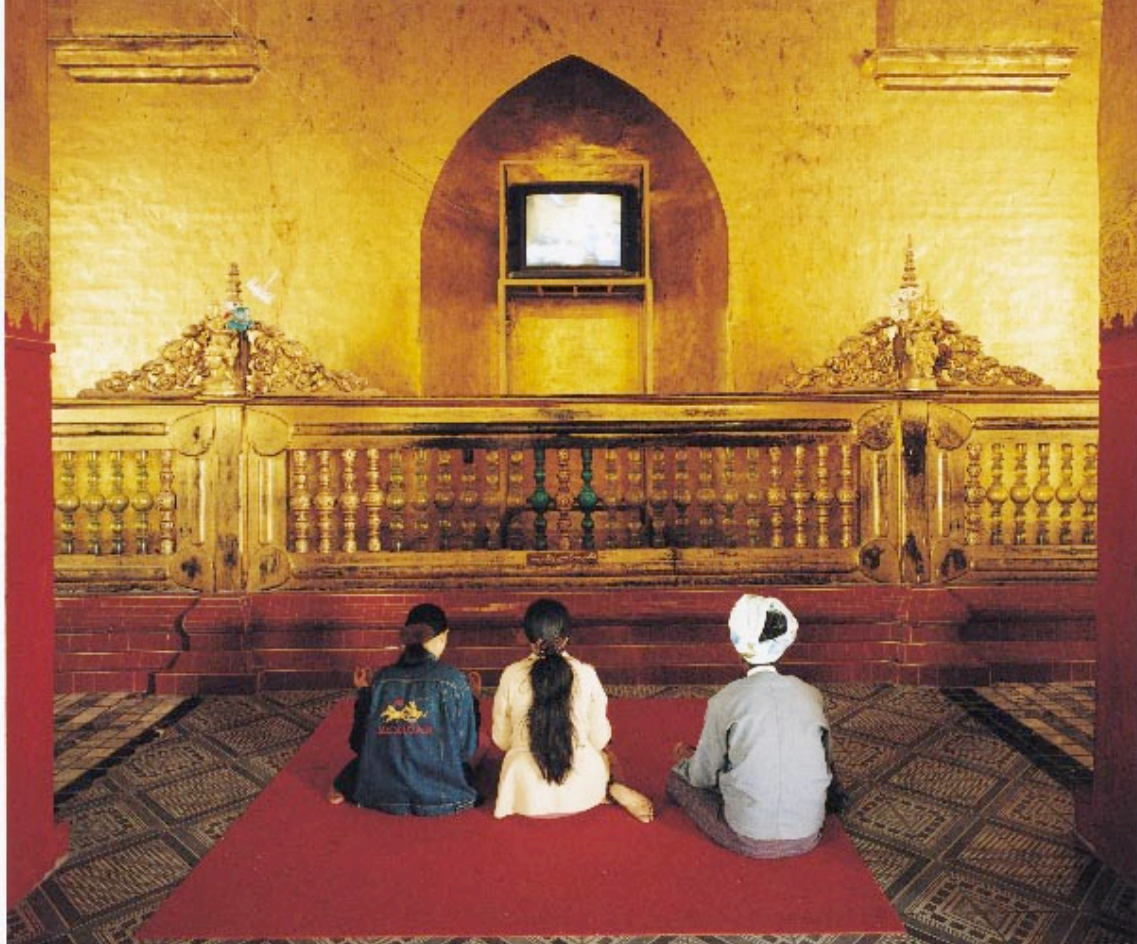


# The Revolution will not be Televised?

## New Models of Marketing Communications

Alan Moore | SMLXL | 2003



*The marketing communication landscape has changed more in the past five years than in the past fifty. Traditional marketing methods are losing their grip on customers at an alarming rate. Trade shows, trade publications and direct mail deliver a fraction of the ROI they did only 2 years ago.<sup>1</sup>*

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<sup>1</sup> Photograph by Richard Ross [www.richardross.com](http://www.richardross.com)

Consumers have changed beyond recognition. Their behaviour is more complex, their media habits are different, and they are more outspoken. They have a different relationship with brands these days, and are less tolerant, less obedient. Previously, marketers could define their brands for consumers. They could make one TV commercial and run it in some top rating TV show, where millions of consumers would see it, and the job was done! Today, consumers are defining brands, even redefining them. And because consumers experience brands multi-dimensionally these days, it's no longer good enough to produce a wonderful TV commercial or anything else for that matter — extolling the virtues of a brand if the brands claims do not match up to the actual brand experience. Especially in this age of the networked consumer, they will share good and bad experiences with their friends. Consumers have far more control. They must be shown enormous respect as people if marketers are to have any hope of them respecting their brands.

Communication channels are exploding and fragmenting. The term Mass-Media threatens to become an oxymoron. Audiences are diminishing as they are given choices, more distractions than ever before. Against this scenario, we find conventional advertising agencies and marketing service companies in denial. It is not that interruptive advertising does not work, its more that with an over proliferation of interruptive communications combined with a fragmenting media environment, only the very best interruptive marketing can only work when combined with huge spending on media.

In the UK £11 billion is spent on advertising. Globally that figure rises to £100 billion. That is a lot of interruption, at a time when consumers are wanting, and having, greater control of how and when they consume information, entertainment, or any other form of content. Take broadcast for example. Adam Singer believes that television is in transition from a feudal economy of provision to a market economy of demand. He furthers his thinking on this by saying Multi-channel television, the Internet, and DVD's are disintermediating the role of the traditional broadcaster. With 45% of UK homes being multi-channel homes, with between thirty and two hundred channels available, we are being changed from viewers into programme consumers. We now have other paths to the programmes we want, as each new digital outlet forces television choice upon us — eroding our familiar analogue world, where we were truly thankful for what we received. Interruptive communications in this brave new world becomes much harder to do well. In a recent survey conducted by the Financial Times Creative Business on 5th August 2002 [link!](#) the findings were that:

Mass TV audiences were declining rapidly, viewers find TV commercials more intrusive and less satisfying. TV Ad clutter was increasing despite the above TV revenues were down. Further, Ed Woller, Business Director of media buying agency Mindshare, highlighted the fact that younger generations viewing habits were in marked contrast to their parents and that they also watched less TV than previous generations. So if interruptive TV advertising fails to deliver on "entertainment", "information" or "price value", it is likely that your audience will be doing one of the following:

- Chatting amongst themselves about their day
- Cicking up a magazine that they had already dipped into from previous commercial break

- Tasking...cleaning, ironing or office work
- Channel hopping during the ad break or flicking to an alternative, deliberately chosen channel like BBC 24 or MTV whilst waiting for the original programme to start again.
- Actively watching the advertisements
- Interacting with each other about the advertisement in question and talking about ads and brands in general scathing or otherwise! Kids singing jingles, or playing a game of guessing what the ads are for?

## The traditional marketing communications toolbox

There are traditionally ten different communication tools available to the marketer:

1. Personal Selling
2. Advertising
3. Sales Promotion
4. Direct Marketing
5. Sponsorship
6. Exhibitions
7. Packaging
8. Point-of-Sale & Merchandising
9. Word of mouth
10. Corporate Identity

These communication tools constitute the traditional marketing communication mix. Each element of the communication mix should integrate with other tools of the communication mix so that a unified message is consistently reinforced. This new direction for marketing is referred to as integrated marketing communication (IMC). Marketing Communication has many faces - sponsorship, direct marketing or data base marketing, TV ads, billboards next to the road, radio ads, magazines, trade publications, newspapers with articles and adverts. To stay ahead and make an impact we need to innovate – However, innovation is not marketing gimmickry. It is about something very different.

For several years, the Internet and the Web have dramatically altered the traditional view of advertising and communication media. The Web provides an efficient channel for advertising, marketing, and even direct distribution of certain goods and information services. The mobile phone has become the other key player in this fast changing landscape.

Often marketing communication is highly innovative but it does not sell any product. And of course sales should be the bottom line for companies. But what is the bottom line for the consumer, for "Us"?

The above ten points all deal really with "interruptive" communications, which are financially costly and increasingly less effective. In a recent article *The Co-Creation Connection* by C.K. Prahalad and Venkatram Ramaswamy, the authors view is that, consumers are now challenging this corporate logic of value creation.

*Spurred by the consumer-centric culture of the Internet - with its emphasis on interactivity, speed, individuality and openness - the consumer's influence on value creation has never been greater, and its spreading to all points in the value chain.<sup>2</sup>*

Alan Mitchell states: These emerging mechanisms and processes take us way beyond 'media neutrality' and 'integrated marketing communications' while also raising fundamental questions about the role and contribution of communications creativity. They also pose a new challenge for companies: not only how to align 'what we make' to the needs of consumers, but how to align 'how we go to market' to the changing go-to market priorities of buyers.

The real challenge, is to adjust to these major changes and to generate a multiple effect for both businesses and consumers. This multiple-effect is based upon the notion that consumers can become partners in the co-creation of experiences. In an entertainment context, Red Bull's FlugTag held this summer in Hyde Park was a brilliant demonstration of 'experience co-creation', which was then broadcast on terrestrial television. C.K. Prahalad and Venkatram Ramaswamy cite BMW's offering of a custom car, delivered in 12 days, where a choice of 26 wheel designs and 123 console options are available on the Z3 Roadster. Dell's individualised build-to-order computers have generated phenomenal success for the company, where value is co-created. A recent mobile project we worked on, was built around creating value for the consumer via individualisation and connectivity to their communities of interest.

## The new Engagement Marketing tools

Up until now, advertising has always relied on Interruption. Whether travelling to work, reading their favourite newspaper, watching TV or just generally going about their daily business, consumers are constantly interrupted by advertising messages.

But the power of these interruptive messages is waning, simply because there are so many of them around us and they cost so much to do. More TV channels, more magazines, more billboards, more door-drops, more email spam means more and more ads - interruptive advertising is beginning to become as much of a headache for marketers as it is for the poor consumer. The more interruptions there are, the more clutter there is - and consequently the less power any individual message has to stand out and get noticed. Moreover there are grumbings from the client side that all is not well in the marketing communications industry.

No wonder that marketers are waking up to a new way to build their brands. Not by Interruption, but by Engagement. Engagement Marketing is about brands, becoming, for example part of the fabric of entertainment - enhancing it, not interrupting it. Put simply,

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<sup>2</sup> C.K. Prahalad and Venkatram Ramaswamy <http://www.strategy-business.com/press/16635507/18458>

it is about getting out of the ad break and into the world of content, assets and properties. Brands that create engaging content are being welcomed by consumers as enhancing their daily lives rather than interrupting them. And with the explosion of new technologies, in particular digital TV, web and mobile phones - there is an ever increasing array of new tools with which marketers can surround their consumers

with new types of engaging content. But do not think Engagement is purely about lowest common denominator entertainment. Far from it.

The new engagement communications tools include...

1. Branded content or Brand related content
2. Entertainment, Info-tainment, Edu-tainment properties
3. Media properties
4. Meaningful brand experiences
5. Information Service brands that specialise in edited choice
6. Embedded sponsorship vs. passive sponsorship

These front-end properties assume that there is a value equation for both businesses and customers. They are also premised on the fundamental principle that marketing should be conversational rather than a top-down, one-way interruptive message which de-personalises the relationship and becomes a barrier to communication, the very opposite of a conduit to valuable customer relationships.

These tools are new, and consequently not well defined at present. But there is a growing band of real life case studies that are already showing how brands can 'get out of the ad space' and into the fabric of consumers' lives - giving them new and compelling multi-media content that they enjoy, value and thus welcome into their lives. And why is all this of value? Because these properties as 'assets' can be judged by metrics such as revenue, share and margins. Interruptive communications one could argue, is about 'buying' revenue. The marketing industry still prides its 'wins' on media billings, not on the benefit of their clients business.

These companies are building engaging brands at a fraction of the cost of the old interruptive methods. What follows are number of documents which explore cross-platform branded assets and properties plus some of the technological and strategic business and fiscal issues surrounding them.

## From Interrupting to Engaging

It seems that all too often, traditional marketing activity fails to capture the imagination. As media fragment and customers become more marketing literate, brands will need to look for new and more innovative ways to build relationships with us. Where 'connectivity' and 'engagement' become far more central to the success of businesses and brands they bring to market. Marketing must become the driver of business strategy, argues Philip Kotler. Our insight into the mobile Telecoms world bears that out. Engineering will not stop the commodification of that industry.

We are witnessing the unprecedented convergence of a number of global industries, e.g. telecom, entertainment, computing and electronics, alongside the fragmentation and diminishing effectiveness of traditional media. We know that consumers are looking for relationships with brands and for them to provide complementary, meaningful and relevant experiences to enhance their lives and earn their loyalty. We also know that brand owners are increasingly recognising the importance of integrated, relationship marketing and concluding that conventional brand communication is no longer the answer.

And in Clausewitz's terms, the era of set-piece competition is over. We have entered the era of total competition. No matter your industry, there is a company somewhere working on how to enter your industry, how to steal your revenues, your customers, your future cash flows, your profits, your existence.

Conventional interruptive marketing no longer has the benefit of authenticity and therefore retains very little credibility. The messages have no real substance and the format is defective - marketing is 'interruptive', it can make customers angry and increasingly such messages get screened out. The result is the damage to the perception of marketing and to the communication between companies and their customers. There needs to be a closer link forged between strategy and operations.

The future for brands, should really be about the creation of branded content and assets, that are unique to that brand. Which create Marketspace, generating new revenue streams, providing a greater return on investment. Creating value for customers via information, entertainment, experience, speed of delivery, flexibility of distribution etc.. It is increasingly likely that the traditional marketing emphasis on creating effective brand communication strategies will need to be extended and dimensionalised to create effective brand experience strategies which allow the customer to meaningfully connect, experience and interact with a brand. The rapid acceleration of these will be crucial to success in the marketplace.

Finally, we believe we are, as Richard Florida writes in his book *The Rise of the Creative Class*, living in a Creative Economy that is drawing the spheres of innovation (technological creativity), business (economic creativity), and culture (artistic and cultural creativity) into one another, in more intimate and powerful combinations. If 20th Century marketing was about Interruption, then 21st Century marketing will be about Engagement.

# 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.

You can work with SMLXL in 4 different ways

1. SMLXL Consulting
2. SMLXL Technologies
3. SMLXL Engagement Marketing/Communication Workshops
4. SMLXL Mobile Advertising Consulting and Workshops

Please contact us for more information.

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