

Leveraging the power of Influence in the Age of Reference – a challenge for us all - published by Admap

Introduction

I certainly am not the first, and will not be the last to observe that the communications business is in the throes of tremendous change. With change comes uncertainty. Advertising in particular appears to be going through a period of prolonged introspection and self-flagellation. Chris Ingram in the Campaign essay, 6th June 2003 suggests that ad land is experiencing a crisis of confidence. Living in an '80s timewarp' (1)– advertising has allowed itself to get left behind, to the point where there is now a gap between what clients want and what advertising delivers. Advertising and marketing, he suggests have become separated from an end result and lacks a business focus, existing instead in splendid isolation, an “ exclusive club, happy to spend time talking their own language to their own group and giving each other awards”.

Integration, offered up as a possible solution by the conglomerates is probably not the answer. As he says, “real integration has proved an elusive beast; certainly a large scale bundling up of services does not necessarily add any value, quite often it delivers the opposite”. Aggregation does not equal integration.

Al and Laura Ries in *The Fall of Advertising & The Rise of PR* (2) carry on the ad bashing theme, with a vengeance. Publicity is crowned the new Queen of communications 'Advertising is dead, long live PR'. Marketing, we are told has entered 'the era of public relations'. Advertising, the dominant dog in the marketing kennel needs to move over, Rover, because PR is taking over.

In inspiring style, Steve Heyer's keynote speech the Manifesto for a New Age of Marketing, (3) delivered at Advertising Age's first Madison & Vine conference paints a vision of how the Coca Cola company is leading the charge away from traditional communication channels, towards a new partnership between commerce and culture - of branded content, delivered through the medium of entertainment. He paints a compelling picture of a world of ideas – “ideas that bring entertainment value to our brands, and ideas that integrate our brands into entertainment”. This is a step beyond media neutrality or integration into a world where brands and the entertainment industry converge in a new partnership.

As he points out in his speech, this is a convergence born as much from necessity as it is from opportunity, the key drivers being media fragmentation, escalating sponsorship and property costs, the consolidation of media ownership, the ability of consumers to edit out and avoid advertising combined with the erosion of mass markets, consumer demand for greater customisation and personalisation.

What underlies the ideas in this speech, however, is the sense that something is shifting in the foundation of our belief about how communication works. What Steve Heyer is talking about is a fundamental shift from persuasion to permission based communication.

Christopher Locke in *Gonzo Marketing*, (4) argues that we're now witnessing the dying throes of mass advertising, and pinpoints, above all, the rise of the internet – the ultimate tool of empowerment for a new age.

Whether we think PR, the internet or the convergence of brands and entertainment provide the solution, what each of these positions has in common is a sense that the traditional mass marketing, advertising dominant model has to change – whether we like it or not.

Diminishing returns from marketing investment and the wasted 50%

Professor Robert Shaw of Cranfield University's Centre for Business Performance marketing value added best practice programme has been researching the return of marketing investment over the past decade. In the 1950s Lord Leaverhume famously said that he knew 50% of his marketing budget is wasted, but he didn't know which 50%. Professor Shaw appears to have found it. "Since 1992, measured advertising expenditure has grown by 50%, but these increases have only led to increases in sales in about 50% of cases examined." (5) It's not just advertising that appears to be suffering from questionable effectiveness – analysis of trade promotions "suggests that 80% of all promotions are both unprofitable and without any useful long-term effects". So we appear to be spending more and getting less.

Time to challenge our fundamental assumptions.

Professor Shaw makes a number of very useful suggestions for improving marketing effectiveness including, "*critical marketing "hypotheses" need periodically subjecting to rigorous testing*".

Over the last 2 years, we've been testing fundamental assumptions and hypotheses around how communications work. Based on the research we've conducted so far, I would contend that, in spite of the proliferation of new thinking around marketing and communications, on a day to day basis, much of what we do is still based on by now out-moded, Awareness based, mass market thinking. The shift required to move towards a new model is profound. I believe we need to re-examine our learning from what we call an Awareness model to a new model based on Influence.

If we are to meet the challenges and opportunities of a new age, The Age of Reference, we will have to create a step change in our thinking. A few baby-

steps or nods in the direction of change, and all we will get is a continuing diminishing return on marketing investment.

From Awareness to Influence – a new model for integrated communications

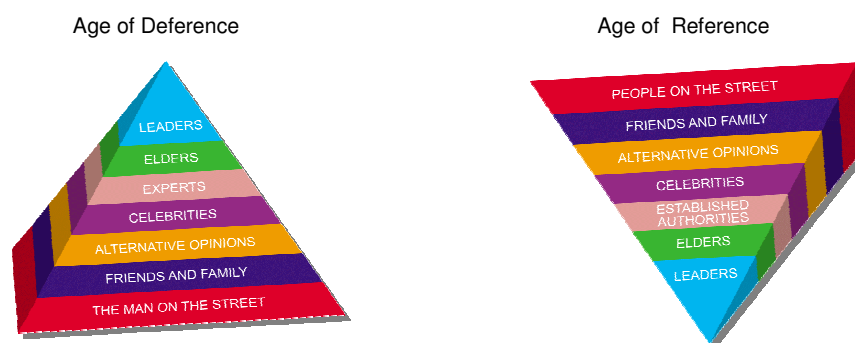
Social and economic change demands that we question traditional awareness-based model of communication, where the amount of consumers being initially exposed to a marketing message is seen as the primary factor dictating the eventual conversion rate. The reason why TV advertising remains the lead medium in most campaigns is that advertising is the best means of creating rapid, large scale awareness

The problems with awareness-based thinking are numerous. Not only are the mass media that powered this model increasingly becoming fragmented, but the audience increasingly rejects those messages that are perceived to be “mass-market”, preferring personalised and customised communication. Above all though, TV advertising was the ultimate tool of another age – The Age of Deference.

From deference to reference – the Influence model of communication

Whilst economic pressures and the shape of the media industry are certainly critical components in why things don't and can't work the way they used to, they are not the only pressures for change. Perhaps the most compelling reason why we need a new model, is the fundamental shift in the nature of the authority structures which has taken place in Western society over the last 50 years or so.

The old system of mass market, advertising-led communications was based on and designed for an authority structure that has fitted society since the Industrial revolution. In this “Age of Deference”, the credibility of a message actually grows with its distance from its recipients. Those at the bottom of the social pyramid look up to and trust the voice of distant authority. The credibility of the message also grows with the size of the broadcast audience as the population sees mass media as a welcome unifier of the national community. In the Age of Reference, however, this pyramid has been more or less turned on its head. We are far less trusting of authority sources, preferring instead to seek out others who have had similar experiences to ourselves, or those media sources we feel have earned our respect.



From Awareness to Influence – the new communication model

Shortcuts

As trust declines, so available information expands. The internet has transformed our ability to find information on any conceivable topic. Chris McDonald (6) suggests that in the UK we are exposed to in the region of 4,000 commercial messages a day (if we take every commercial source, from stickers, through to TV advertising). But as our lives become busier, the amount of time available to process this ever-expanding stock of information shrinks. So we need to take shortcuts. We need to find the most reliable ways of making brand choices. We become experts in cutting through the froth to get to the facts. We also become expert in finding the right sources of reliable information.

Whereas we once trusted the more distant sources of information, we now turn to those closer to home, and those with direct experience of the category.

We want samples, we want trial sizes, and we want 'try before you buy' – all effective ways of reducing the risk of making the wrong choice. Because reducing risk in brand choice is a major force shaping customer behaviour.

Integrated communication planning?

Media neutral planning and integrated communications have been talked about in earnest for many years but rarely been seen in practise. We'd say that no one has yet really cracked how to advise clients what proportion of their communications budget should be invested behind one, some, or all of the many channels available – and in particular getting the optimum mix between PR, promotions, direct, advertising and events. Using cost efficiency and reach as the guides misses out on the critical component – the real impact or influencing power of the channel itself.

Undoubtedly, media planning has become a much more sophisticated play, adopting many of the consumer planning techniques long familiar to the account planning function in the larger ad agencies. A proliferation of new 'media neutral' planning and research tools have recently launched.

Whilst these tools come a long way in increasing the ability of clients to optimise their budgets, they are predominantly advertising-centric tools. True neutrality is difficult in an industry funded through paid for media.

The alchemy of the mix

The real question many of our clients are asking is how to get the chemistry working between the various PR and promotions, between advertising and direct. If we're going to throw out some outdated thinking, we should consider how to manage some of these 'hybrid' forms of communication, part PR, part promotion,

part event, and not allow silo mentality or narrow vested interest to pigeon hole activities into discrete boxes. It's the alchemy between, say, advertising and sales promotion, or between PR and brand experience which creates the right blend of triggers for consumers to buy.

Most marketing mix evaluation seems to be interested in teasing out the effects of the individual components in the marketing mix, rather than looking at the synergy of effects. In the second edition of *Marketing and the Bottom Line*,⁽⁷⁾ Tim Ambler begins to explore the issue of combined effects – citing a number of sources, including Professor Andrew Ehrenberg and Professors Mela, Gupta and Lehman who have researched the long and short run effects of sales promotions. Professors Mela, Gupta and Lehman have argued that consumers become more price sensitive over time because of reduced advertising and increased promotions, suggesting perhaps that there is an optimal level for both activities which maximises promotional effects, whilst, at the same time, maintaining levels of brand attractiveness and equity.

Detailed econometric and other forms of rigorous statistical analysis certainly have their place in the study of marketing effectiveness and marketing mix optimisation. I sometimes wonder though whether we are forgetting the basics when we try to create an integrated campaign plan. The basics lie in the insight of how and why consumers make purchasing decisions, and of what and who are the best sources of information and influence to reassure and inspire consumers to try and buy. If consumers no longer trust the traditional sources of information, then who and what do they trust, and how does this vary by category?

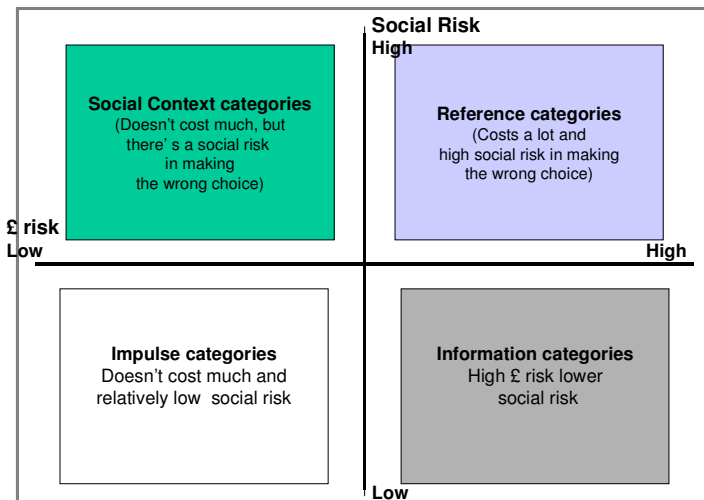
Integrate around risk analysis

If we are feeling uncertain, then so are consumers. As the traditional sources of authority shift, and as trust declines, but at the same time, as choice expands, the business of making the right purchasing decision becomes much more complex. We've been applying risk analysis to consumer purchasing decisions, asking what risks consumers are hoping to minimise when they make purchasing decisions, and what sorts of information they therefore require in order to feel satisfied that they have made the right decision. Our argument goes that when consumers make choices they are hoping to minimise two fundamental types of risk:

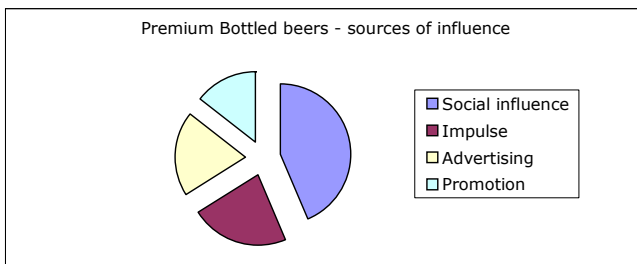
Social risk – the risk of looking stupid, out of touch, un-cool, or otherwise misguided by buying the wrong trousers, trainers, car or beer, reading the wrong newspaper, or voting for the wrong political party.

Economic risk – the risk of losing more than face by investing in a poorly performing investment, losing money on a property purchase or on a product that fails to deliver what it promised.

Most markets can be mapped against one of the four resulting quadrants.

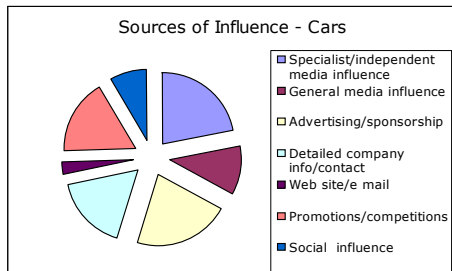


For example, for high **Social Context** categories – like alcoholic drinks, high street fashion, popular music etc; stimulating *social proof* (e.g. seeing people like me buying or wearing this brand) plays a big part in reducing the risk of making the wrong choice. In these markets, we focus on stimulating the right kind of on-the-street word of mouth. We identify and work with the vocal seed carriers of market news – a combination of promotions and brand experience works well in achieving this.



Source: Chime analysis based on a YouGov poll of 1,000 adults 18-30

What we call high **Reference** categories, for example cars, require a different blend of influence. In a high Reference market, consumers are looking to reduce both social and economic risk– so the optimal mix is one which contains a large chunk of independent media endorsement from the motoring press, combined with TV advertising to create engagement and stimulate desire, plus social proof and factual accessible company information as customers are drawn from consideration through to purchase.



Source: Chime analysis based on a YouGov poll of 2,000 adults 18-70

Implications

Influence model thinking says that people rarely make choices alone, but are influenced instead by range of sources. Influence model thinking says that the size of the eventual market is not always in direct proportion to awareness levels at launch. Case studies for products like Dyson prove that the viral model of slow burn, gradual infection of customers from an initial launch through to market 'contagion' can really work. Influence thinking says that we don't necessarily target the biggest group of potential customers, we target the most influential – the vocal advocates or seed- carriers of market news and, if they like what they see, will become the very best unofficial sales force we ever had.

So what are the implications of Influence thinking for marketing today?

New model, new marketing mix

No medium goes away, but its role and weighting in the mix might change – seeing the inter-relatedness of public relations, advertising, promotions and programming content – how the one re-enforces the other – is very much part of Influence thinking. As an indication of where weighting in the mix might need to change, we've compared sources of influence claimed by consumers to have the most impact on their choice compared with UK media spend. The results suggest that advertising and direct are over-weight, interactive in line and PR and promotions under-weight. This pattern fits intuitively with Influence model thinking – PR and promotions are tools which primarily work on generating active brand engagement and participation and in stimulating 3rd party reference. Advertising and Direct, on the other hand are perhaps more Awareness based tools – appealing primarily to the individual . So perhaps one of the opportunities is to increase the engagement and referential power of advertising and direct in the mix.

New model, new operational methods

360 integration of communications has long been a goal for the marketing and corporate worlds alike. However, many organisations are finding the idea difficult to work with in practise. Bringing Influence model thinking to the party should help - planning and managing the marketing mix around a map of influence

which is going to work in driving sales should be a sufficiently strong motivator to overcome organisational barriers.

New model, new brand co-ordination

Up until very recently, the spearhead for brand development and expression was the advertising agency. Keeping communication 'on message' was relatively straightforward, given the dominance the advertising medium. But the new model calls for a mix of specialists working together to create the right blend of influences for the brand. In this context, ensuring that all these agencies march to the same brand identity will be a much more challenging task.

New model, new measurements

If you start to think about it, Awareness model thinking still permeates many brand equity and communication measurement systems. Public relations in particular still struggles with measurement – seeing itself as the poor relation of advertising – PR either copies or rides on the back of measurement systems designed for TV advertising. The goal in Influence thinking should be to identify how well the chosen mix of influencing tools are working together – as well as how well they are working in isolation. The synergy of effects is what creates the magic in the mix.

New model, new mindset

The Influence model requires us all to think differently about how to plan and implement communications – to develop a mindset based on finding the inter-connections between the various communication elements. The model calls for co-operation, team work and a willingness to blur the distinctions between what constitutes public relations, promotions, research and advertising. The Influence model requires us to develop new marketing hybrids – part PR, part promotion, part event, part internal communications. The force multiplier comes from this fusion.

Maximising the power of influence for brands through a more effective media mix is the biggest marketing opportunity around – but the challenge is for both agency and client to bring some fresh ideas to the party and perhaps discard some now out of date models and ways of thinking. Although change is uncomfortable, spending less and achieving more should be an attractive motivator, and inspire new thinking.

(2958 words)

(1) Chris Ingrams – The Campaign Essay 6 June 2003

(2) Al Ries & Laura Ries, The Fall of Advertising & The Rise of PR – Harper Business ISBN 0-06-008198-8

(3) Keynote speech, Advertising Age first Madison & Vine conference, Beverly Hills Hotel, Feb 6th 2003

(4) Christopher Locke, Gonzo Marketing – Winning Through Worst Practises – Captstone

(5) Professor Robert Shaw, Centre for Business Performance, www.cranfield.ac.uk/som/cpd

(6) Chris McDonald, Admap, May 2003

(7) Tim Ambler – Marketing & the Bottom Line – Second Edition. Prentice Hall, ISBN 0-273-66194-9



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