

Hope you have a great Holiday season, and can find a few minutes to browse through this.

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OBSERVATIONS

December 2003

A Journal Of Things We Find Interesting

The True Measure of an Ad

A study published by the American Advertising Federation a few months ago revealed an interesting -- and scary -- disconnect between what clients say they want and ad agencies think they want. The ad agency execs say clients want better proof of return on their advertising investment. The clients say they're looking for stronger creative.

Not only is this a serious gap between what we're selling and what our customers want, it's topsy turvy: shouldn't the ad agencies be pushing stronger creative and the clients clearer ROI? It's unconscionable for agencies not to be leading the way for stronger creative. And as far as ROI goes, we can't even begin until we figure out how to measure the results of what we're doing.

There are reasons why advertising doesn't get measured. To begin with, what's in it for the agency? Agencies don't necessarily keep accounts for which they do good work and don't necessarily lose accounts when they don't. It costs money to measure and if those dollars don't help you win or keep business, what's the point? For these and other reasons, agencies suffer from an "it's not my job" attitude about measurement.

What's in it for the client? Again, it costs money to measure and when budgets are tight those dollars aren't there. Even if a campaign produces good results, marketers suffer from a lack of trust with senior management who often discount the numbers. And if the campaign flops, who are you going to tell?

The high turnover rate in the business also works against measurement. On the agency side, people come and go from accounts before real measurement data becomes available. Who's going to champion the study and make sure it's accurate? On the client side, a new marketing manager usually means a new campaign (and maybe a new agency) regardless of how effective the previous one may have been.

Even if we do measure, the data may not be useful. What worked in one campaign may not work in the next one. Times change. Trends change. Objectives change.

We also may be self-selected to resist the very process of measurement. Have you ever tried to interest a creative team in measurement data from past campaigns? My experience with marketing communications folks indicates that few of us have the quantitative skills needed to take measurement seriously. Too many of us are math-phobes, subjective thinkers who are perfectly OK with statements like "it worked really well" even when there's no real data to support the claim.

What can be done? We can start by getting smarter about measuring results. Not everything can or should be mea-



Don't you love a big tree? My daughter (the lovely Anduin) picked this one. We cut down 65 million trees a year for direct mail, which sometimes seems a waste. But every Christmas tree seems to give pleasure. Happy Holidays!

sure, but that's no excuse for never measuring anything. Marketers need to take the lead in setting up the measurement component of what we do and selling it to senior management. We need to remind people that marketing is how you get and keep customers. If Michael Porter is right when he argues that having customers is the only reason to be in business, then

Measurement (cont)

marketing is THE critical business function. We need to tie marketing efforts to business goals and to do that we need to measure results and be held accountable for them.

We also need to educate ourselves better. It's not good enough to be "just" an art director or a copywriter or an account exec. We need better quantitative skills to go with our people skills and professional disciplines. We need to be better business professionals as well as stronger communications pros.

We need to take integrated marketing to heart -- eliminate the silos that separate ad people from PR, direct marketing, collateral and internal communications groups. If measurement is going to be effective, it needs to be done like branding -- at every point where our message touches a customer, a prospect or an employee. We have to get rid of the "it's not my job" mentality and into a mind set that gets us excited about the effects of what we do.

Finally we need to be creative about developing effective measurement techniques. This means recognizing what advertising can and cannot do, setting objectives that are relevant and measurable, then following through. It means using Web-based data and faster reporting structures. It means linking costs to ROI and business strategies. Clients need to partner with agencies to get both strong creative AND efficient measurement. Agencies need to incorporate measurement with their campaign planning, not just claim that "it really worked" after the fact.

Several years ago I advised a graduate student who wanted to know if "creative" advertising worked. She surveyed both the agencies and the clients responsible for every Clio-winning print ad over a 10 year period. The results? None of the ads had been measured by anyone. Several had legitimate objectives, but no one had followed through to see if they were met. Not the agencies. Not the clients. The answer to "do creative ads work?" is that nobody knows.

So if you're looking for a good New Year's resolution, how about this one: measure more of what you're doing. It will help you be more effective for your organization and help you improve your professionalism. And it could help you get or keep a job.

Check out our Web site! You can request pdfs of this (and earlier) Observations, find out what we do or just chat.

www.wilhide.com

An ROI of 9500%!

Speaking of measurement, I have a small case study of just how powerful it can be. We recently completed a direct marketing campaign for a manufacturer of cabinet doors. It was a small scale effort, but it had the advantage of a clear objective (new sales) and fast turn-around (a couple weeks between launching the campaign and being able to measure new sales).

We developed a fine-tuned list, dropped a simple mail package and telemarketed to about 25% of the list. Then we tracked new sales.

Every dollar spent on the campaign resulted in sales of \$94.93. If my calculator's right, that's an ROI of 9,493%! And that's just initial sales. When we extended the figures over the average life of a customer, the ROI went up to well over 11,000%. This one "worked" -- and I can prove it.

Guiding statements

What's the most powerful statement in modern business? The founder of the McKinsey group once said, "The greatest contributor to productivity in the twentieth century is the phrase, 'lowest price always'." The idea was that the struggle to deliver low-cost value has driven technological advancements, quality improvements, production efficiencies and marketing strategies.

An article in a recent *New Yorker*, talking about the plight of retail department stores notes that they were founded on the statement, "satisfaction guaranteed or your money back." The idea was that if you shopped at Marshall Fields, Bloomingdales, Macy's, Sears, etc. you could trust the source. It spelled the end of itinerant fly-by-night operations and raised the comfort level of customers.

Where are we now? The rise (and dominance) of Wal-Mart and Target indicates that low price is still the strongest single driver in the American marketplace. But our recent trips to Paris and Japan indicate that the department store is still a strong force overseas. It's where people go to buy everything from digital cameras and fashionable clothes to lawn mowers and lunch. So is it price or customer satisfaction? It would seem to depend on where you live and how you choose to shop.

Observations is an occasional publication we put out when we feel like it. We provide creative services and consulting for marketing communications. If you have a project we could help with, please contact us. If you'd just like to shoot the breeze about some of this stuff, we usually have time for that too.

Doug and Jean Wilhide

Factoids to consider

My favorite Web site recently is www.saurageresearch.com, a market research firm that lists all kinds of interesting stuff, including the following:

* The most trusted industries in America are supermarkets (40%), banks (35%), and hospitals (34%). The least trusted ones are tobacco companies (3%), managed care companies (4%), oil companies (4%) and health insurance companies (7%).

* Most Americans (88%) believe that at least one-half or more adults drink alcohol regularly. However, only 30% have an alcoholic beverage at least once a week.

* The U.S. is the only major importer of goods and services and is responsible for 20% of global demand. All other countries in the world are net exporters.

* Two-thirds of children and teens (age 8-15) spend at least five hours online each week. (I also saw a statistic that says 90% of American kids under 18 go on line at least once a week.)

* American consumers' most trusted advertising formats are word-of-mouth (61%), print ads (47%), television ads (42%), e-mail subscriptions (39%), radio (35%), direct mail (21%) and outdoor ads (20%).

* About 44% of all American households contain at least one person on a diet.

Time Available

We're looking for new projects.

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