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CONVERGENCE OF BRAND AND DIRECT

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1

WHY CONVERGENCE MARKETING?

We live in a world that revolves around the individual. We celebrate self-expression at every turn, within the personalization of every product we buy. We pursue personal desires; we constantly download music, games, and films on communication devices that fit into our back pockets. And the individual controls it all. This is a far cry from the way we've always done it. These days, individuals decide not only *how* marketers and advertisers can reach them, but also *if and when* we can reach them at all. If they are inclined to grant us access, they choose *where and how* the communication takes place. The individual controls his or her relationship with the brand. The only way those of us in marketing and advertising can regain some leverage is to love the individual. We need to empathize with him or

her, respect him or her. We need to gain the individual's trust so he or she will trust the brand, which gives us what both sides want—enduring brand loyalty. The best way to achieve this is by combining the best tools from the two major marketing disciplines, brand building and direct marketing.

Convergence is the happy union of the best of brand and direct. It also includes tools from sales. All of these tools are fused to build loyalty, through a respectful and empathetic dialogue with the freethinking, experiential individual known as our customer. Convergence retains the powerful imagery and messaging of brand advertising, while leveraging the motivational techniques of direct marketing, and focusing all of it on the goals set by sales. It is powered by a financial model that statistically determines the expected worth of the individual, and it all happens in real time. This all adds up to making money faster than ever before, and it has the unique advantage of being a process we can repeat over and over again, as well as proving critical path accountability to the corporate financial officer (CFO).

The theory of convergence has evolved out of my own experience within the school of business and the school of advertising. After all, I am a card-carrying, MBA-trained, business-minded guy, who loves creative advertising. So this methodology strives to bring together the left and right brains for the most effective possible work. It unites creative and financial, strategic and intuitive, in a collaborative effort to reach a shared goal. That goal just so happens to be our primary job requirement: to make money. It's about building brand, increasing sales, and improving the bottom line.

Although convergence is a new model, as a practitioner you're already halfway there because it's about using what you already know from your discipline and combining it with the other half you haven't really met. It's a proven model, with pragmatic tools to guide us into the next phase of our craft. Convergence marketing is the logical next leap for advertisers and marketers looking to deliver greater results and profits in today's increasingly competitive global economy.

The benefits are tremendous and measurable. Using the new tools, we can balance and leverage resources to drive brand and demand via all media and channels. At the same time, we'll create an environment where everyone can work together, bringing his or her best to colleagues at the table, rather than competing against each other in the same tired silos.

EARLY CROSSROADS: WHEN TWO PATHS CONVERGED

I've been developing this method for over 30 years—a journey that began when I was a franchise marketing manager for Kawasaki Motors Corporation's northeast region. It was my second job out of college as an undergraduate, and I was raring to go. It was my dream job. As a teenager I loved motorcycles, and rebuilt my first bike at age 16. I got a job working on bikes after school at a local shop, and I loved everything about them. I even spent weekends road racing bikes, at speeds cresting 125 mph and now the “man” was paying me to ride.

I left the evergreen-filled campus of the University of Oregon for the not-so-green turnpikes of Highland Park, New Jersey. I lived right at the crossroads of Route Nine, Route One, the

New Jersey Turnpike, and the Garden State Parkway. Newark Airport was up the road, just past the three refineries. I can still see the sunrise through the smokestacks over the Jersey shore.

At Kawasaki, my job was to market the concept of fun with fast motors attached.

The tag line for Kawasaki was right on: “We Know Why You Ride.” It was strong, macho, and speed-oriented. They were speaking to me, their target audience, a bike lover through and through. Their agency, J. Walter Thompson, was right on the money. But I knew there had to be more we could do to sell these great bikes. After all, I was young, passionate, highly competitive, and ready to sell franchises.

All of the dealers relied on mass advertising, mostly print ads, to build brand and drive traffic. Kawasaki advertised in all the trade magazines, as well as any others that targeted men aged 16 to 24. But I wanted them to draw bike lovers like me into the shop. I mean, if you sent me an invitation to come by and test drive one of those babies, you’d have had me by the chaps, if you know what I mean! So why weren’t we doing that? It seemed easy enough. They were spending somewhere in the area of \$5,000,000 on print advertising, a few TV spots, tradeshow, and bike races. That was a lot of money back then; yet we were only reaching a small percentage of our target. All of this money was going into print ads that were creative, on message and gorgeous, but didn’t get guys into the shop. Our director of advertising knew he didn’t have enough money to drive the frequency he needed to accomplish his task.

I, of course, wanted sales to move faster. I just knew if we sent out an invitation to guys like me to come in and take a test drive, we’d be in business. These were great bikes, and after all, this is

where the rubber hit the road! What a great compliment it would be to the strategy of building brand awareness. Then I discovered that we had access to about eighty percent of all the Department of Motor Vehicles (DMV) records across the United States, and we could get a biker's address just by asking. Man, oh, man, this was perfect; it just made sense. But when I suggested it to the higher-ups, I was told to stick to doing the franchise marketing I was hired to do. So I did . . . for the time being.

That experience has always stayed with me. It was the catalyst for all of my investigations into marketing and sales. I guess you could say it was the moment of inspiration for this methodology because I suddenly understood both the buyer and the seller. I knew how to make both happy, and it just didn't make sense to disregard an idea like the invitation to the store. Using the language I know now, I guess my question was, why not enhance the brand message with a call to action to get the individual to move forward in the sales process? Why not give our target the brand experience *on the road*, by converging the paths of brand and direct? And I wasn't even the big stakeholder—just a kid who wanted to sell franchises where these great bikes flew off the shelves at record-breaking speed. Why not combine great creative and a decisive call to action?

THE TRADITIONAL MODEL VERSUS BUILDING BRAND AND DEMAND

The simple logic of combining certain elements of brand and direct was crystal clear to this rebellious kid. Kawasaki and the agency were doing a great job, using what they knew best.

My idea didn't have any traction, but I didn't know why. It wasn't until a few years later that I realized just how much I didn't know about the cultural and political dynamics that made it impossible for my idea to work—not just at Kawasaki, but in almost every company. In fact, it wasn't until I completed my MBA that I could see the problem.

The traditional model of advertising is a relic of the 1960s, when advertising was in its heyday and Madison Avenue ruled. The best way to describe the essence of that model is, "If we build it, they will come." It still works in a few cases, like the partnership of Nike and Wieden+Kennedy. Of course, they have hundreds of millions of dollars to spend on building awareness. It costs a lot to rise above the clutter these days. And they have the visionary chief executive officer (CEO) who supports the "spend." And you know what? We do come. The same holds for Apple. They spend a lot of money on awareness, and they have Steve Jobs, the brilliant, driven entrepreneur, to enforce the spend. Both also have the key ingredient of brilliant creative. Do they know how to appeal to their targets or what?

The traditional model works at their level because they have three necessary variables: (1) millions to spend, (2) the consistent, visionary, and driven CEO, and (3) the kicker—a product that is at parity or better. So look at Phil Knight at Nike, Steve Jobs at Apple, Richard Branson at Virgin, (and Andy Grove at Intel, to name a few). Each is a consistent CEO, the visionary who was also the driver of the brand and approves spending an outrageous amount of money necessary to get past today's clutter. Their products are at parity or better. And it works. How many of us have these three things?

What happens when you *don't* have these three essential elements and try to emulate the model? Witness Steve Case, the former CEO of AOL. Where was his vision? Was his product just okay rather than at parity? AOL needed him to lead the charge in the Time Warner-AOL merger and, well, you know the story.

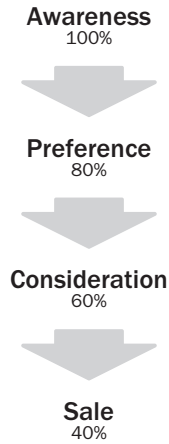
THE TRADITIONAL MODEL OF CLASSIC ADVERTISING

The traditional model I'm referring to stems from the Attention, Interest, Desire, and Action (AIDA) model of the 1960s. However, I've updated the terms to better fit our current experience and make it easier to comprehend. According to this model, if we build 100 percent Awareness (*Attention*) for the product, then 80 percent will have Preference (*Interest*) for my product, 60 percent will Consider (*Desire*) it, 40 percent will Buy it (*Action*). So here's the model from which most of us came. This is the school of advertising as we know it, and this is the model most advertising people still use. But does it work for you? If I gave you enough money to create 100 percent awareness of your product, would you end up with 40 percent sales? If you think you would, please call me because I'd love to see your work. Please see Figure 1.1 to review this classic traditional model we all grew up with.

As I've traveled the world for the past 20 years, I've posed this question over and over to audiences at corporations and professional marketing conferences: "Does the current model work for you?" Few, if any, people raise their hands. So, as a good marketer, I ask another targeted question, "Do any of you believe this model works?" And around the world, people from

Figure 1.1 Traditional Model

Traditional Advertising Model



all levels of management admit that it hasn't worked for years. So *why are we still using it?*

THE BUSINESS REASON FOR CHANGE

On average, no more than 5 percent to 10 percent of all companies have the three variables necessary to make the model work: the visionary CEO, a large advertising budget to afford repetition, and a product at parity or better. These companies also have big agencies creating beautiful, award-winning campaigns. It stands to reason that other agencies would try to emulate these big fish. Unfortunately, these smaller agencies have clients who want the cool creative element but lack those three strategic variables. They're just not in the same league. That leaves 90 percent of businesses out there searching for the next big thing,

spending tons of money on media, trying to substantiate everything they have produced—yet they can’t possibly be successful with this antiquated model. It’s a set up for disaster, and no one wins. Worse, the CFO cuts the advertising and marketing budget because it looks like a huge waste of money. It reminds me of getting my allowance cut back the first time I spent it all on candy. It was only later that I learned to make better choices in managing my funds!

Age of Accountability

It’s now imperative that we be accountable for our spending. It never used to be so tough, but we have entered the Age of Accountability. It’s “post-Enron” behavior. Ever since the Sarbanes-Oxley Act of 2002, your CFO is demanding accountability throughout the organization, and that includes every dollar spent on advertising and marketing—and it’s a pain. The good news is, if you use this new methodology and the financial tools in the upcoming chapters, you could be the rock star who turns your marketing and advertising departments into a profit center rather than a line-item expense.

The False Promise of Integration

Remember *integration*? It was one of the highlights of the 1980s, right up there with disco and Bananarama. Integration was the catch-all strategy of the day—except that it meant something different for everyone. The reason I bring this up is to clarify, right here and now, that convergence is *not* integration. Granted, it seemed like a good idea to those of us who were in marketing

and advertising back then. But so did shoulder pads and big hair. Integration was supposed to create an environment where all disciplines of brand, direct, sales, and public relations (PR) worked in harmony. It did help us understand the possibility of this happening in the future, but it was a huge disruption for the established culture of silos. Everyone knew his or her place, with marketing over here, advertising over there, sales down the hall, and direct in the basement. Like in *West Side Story*, the Jets and the Sharks did not mingle. And here comes integration trying to get the kids to play nice. Gee, Officer Krupke, Krup you!¹

Just when integration became the fad, I became managing director of a new division, PSW Direct, at Pihas Schmidt Westerdahl, a medium-sized general advertising and public relations agency in Portland, Oregon. They hired me to create a direct marketing unit to round out their portfolio. (Apparently they had gotten the memo on integration.) My first clue that direct was not held in high esteem was the location of my office. It was on the lowest floor of the firm and filled with used furniture. I felt like Rodney Dangerfield—I got no respect! This was confirmed the day I placed my integrated campaign, which had earned millions for U.S. Bank, onto the desk of the creative director. He took one look, shoved it aside, and yelled in my general direction, “Get this crap off my desk.” Ah, happy times.

Several years into this experiment, the concept hadn’t even left the starting gate. There we were, 60 of us from six divisions,

¹Stephen Sondheim (lyrics), and Leonard Bernstein (music), “Gee, Officer Krupke,” *West Side Story*.

West Side Story © 1961 United Artists Pictures, Inc. All Rights Reserved.

pretending to work in harmony. Everyone remained safe in his or her silo, and integration was nothing more than a concept. Nothing tied us together, and our different business philosophies made it impossible to even start a conversation.

Bored with the entire set up, I decided to grow my division. We combined brand and direct marketing tools with real-time measurability and the use of all media. The division grew like it was on steroids. We picked up huge portions of U.S. Bank, Disney, First Interstate Bank, Pacific Power, Puget Power, Washington Water Power, Florida Power and Light, Sybase, Dell, IBM, Intel, Novell, and Sequent. We made more money with 10 people than the entire general agency did with 40. We were unstoppable. We had real-time measurability and effective behavioral change agents within the communication. It was working. Everything we did turned to gold. I'd been a catalyst for change for all of our clients, who were getting amazing results. Our largest client, Pacific Power, had over 700,000 customers in seven western states. We were a marketing machine, creating and launching new products faster than anyone had ever seen in that space. It was the kick in the pants I needed to start my own agency.

Brand Resonance

Now we're all in search of brand resonance. I'm all for it, but because the old model doesn't cut it for 90 percent of us, how do we do it? How can we build meaningful brands with respect to the individual?

In *A New Brand World: 8 Principles for Achieving Brand Leadership in the Twenty-First Century*, Scott Bedbury and Stephen

Fenichell define what a brand is and what it is not. We need to change our perspective in regard to our relationship with the brand in order to expand brand relevance and brand resonance. Bedbury and Fenichell suggest, “Perhaps this is the greatest single change in the concept of ‘brand’ in recent years. Where we once looked at brands on a surface level, we now view them in more intimate and multi-dimensional terms. We plumb their depths, looking for reassurance that they are good, responsible, sensitive, knowing, and hip.”²

As smart marketers, we need a new way of thinking that uses every means available to touch the individual with the brand. It must encompass every aspect of the relationship, from the way we build interaction on the web site to the way we answer the phone. We have to create a meaningful and positive experience at every turn.

THE END OF THE TRADITIONAL MODEL: A FOND FAREWELL

Our world has changed, so we have to change how we deliver strategically driven creative. Most of us are forced to live within a box that someone else has arbitrarily drawn, along with a budget that is designated to a specific line item, which bears no relation to what needs to get done. So let’s change the rules. Let’s mix it up a little bit—okay, let’s mix it up a lot! After all, this is what the CXOs are demanding—a new way of thinking, which does *not* consist of “just add web!”

²Scott Bedbury and Stephen Fenichell, *A New Brand World: 8 Principles for Achieving Brand Leadership in the Twenty-First Century* (New York: Viking, 2002), 3.

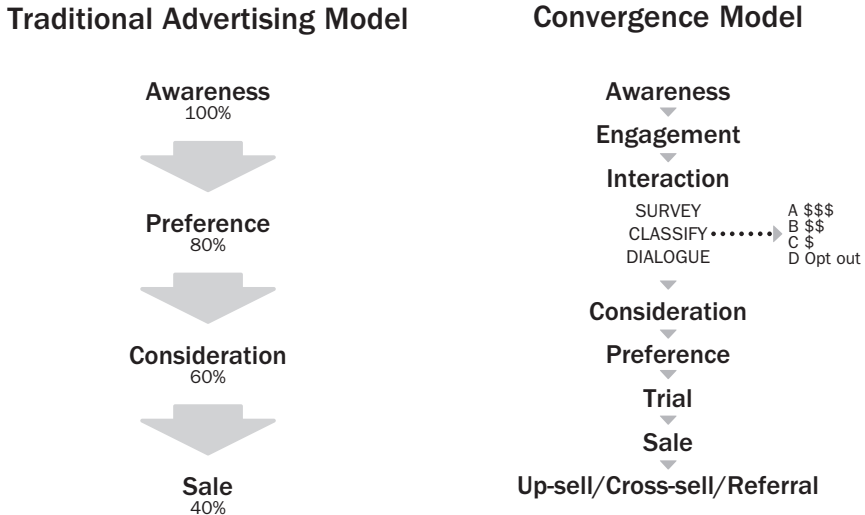
Building Brand and Demand: Changing the Model

One of the most important variables in convergence marketing is the power of measurement and finance “in real time.” It drives success. Using the best of brand and direct, we can build brand and demand simultaneously, through interaction. The sooner we begin the one-on-one dialogue, the faster we can build the relationship between our brand and individuals. But the key is in earning their trust, and we have to start from square one. After all, they may not know anything about us, or they might not even like us. We need to find out where their heads are so we can get the right message to them. Otherwise, we could botch the entire relationship. The only way to achieve this is by starting with empathy. We all need to care about the brand, and I mean every aspect of the brand. It is what the company stands for, the tone, pride of product, and all of those wonderful attributes that truly make for a brilliant brand. We also need to care about what it’s worth in real time, not because it’s fun to run numbers, but because we can leverage what we’ve accomplished and replicate it with precision via all media. Rather than recreating the wheel each time, we can replicate our success and make bigger money, faster. It’s what we’ve been hired to do, and we should all want it to go faster.

Vive la Différence!

The new model differs from the old by quickly getting the individual to interact with the brand, via one-on-one dialogue, via all media. Looking at Figure 1.2, we can compare the steps of the new model to the old. In the new model, we move from awareness to engagement to interaction. This means that the ad must

Figure 1.2 Traditional Model versus Convergence



work much harder from the beginning so that individuals will raise their hands. Once they raise their hands, we can ask them a few questions, borrowing from Sales 101. Based upon those questions, we are able to classify them into A, B, C, or D leads. And, once we know their level of interest, we know *how* to talk to them, with empathy so that we can begin a meaningful, trusting relationship. We won't waste their time or push them too far; we will listen with empathy and treat them with respect.

It is this respectful behavior that will move them toward consideration and preference, trial and sale. And, from there, we simply guide them to the next level.

This is the basic layout of the model, and we'll go through each step in detail. But, before we get there, we need learn how to talk to each other—from branding to direct, to sales, to information technology (IT), and all the way to the executive suite. We need a common language supported by our shared goal.