

For Advertisers, Less May Be More

As More Consumers Avoid or Reject Advertising, an Industry Works to Remake Its Model For Success

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TiVo Inc. announced last month that it was adding a feature to its digital video recording devices that will insert advertising symbols into television commercial breaks, even as customers fastforward through them. Suspiciously absent from the announcement was any recognition that most TiVo customers would likely say skipping commercials is one of the great joys of DVRs.

The TiVo announcement was just the latest sign that advertisers face an uphill battle to connect with a jaded public. Ironically, the advance of technology, once hailed by the marketing industry as a means of better spreading commercial messages, now offers many ways for consumers to avoid them—fastforwarding through commercials, installing spam blockers to e-mail accounts and signing up for federal telephone no-call lists.

GAUGING CONSUMER RESISTANCE

Known in the industry as "consumer resistance" or "consumer avoidance," the problem presents marketing companies with a unique challenge: How do you reach consumers who are actively working to avoid your messages?

One marketing company, The Gate Worldwide, has done just that. The company, formerly called Citigate Albert Frank and the second-oldest advertising company in the United States, has retooled its entire philosophy to do what was previously unthinkable—admit that the key to reaching and keeping customers may actually be less marketing.

"The bottom line is people are tired of being marketed to," said Beau Fraser, managing director of The Gate. "The trick now is to determine the people who are attracted to your product or your business and create a relationship with them."

The company differentiates between "attracting" customers and "selling" to them, the idea being that selling represents the old model of bombarding the market with information that most people will never use. Fraser said The Gate operates with the idea that 80 percent of a company's revenue comes from 20 percent of its best customers. The key is to pinpoint and attract that 20 percent.

"What we're going after is perfect customers," he said. "You can do that in two ways: get people who already buy your product to buy more of it ... and then find people who are like them and market to them."

THE SATURATION OF ADS BECOMING A TURN-OFF

For years, marketing and advertising has been based on "share of voice," the concept that the only way to ensure your message was heard was to buy as much advertising as possible. But with a fragmented consumer base that now actively dodges advertising, more ads do not guarantee more resonance.

In fact, paying for extra airtime might even spur more avoidance. In an annual Yankelovich survey on consumer opinions about marketing, more than half of respondents said they try to resist advertising. And 56 percent said they avoid products that overwhelm them with marketing and advertising.

There is also a ripple effect in which over-advertising in one medium can turn people off so much that they reject all marketing messages. Consumers inundated by spam e-mail or telemarketing phone calls end up less likely to pay attention to television commercials, or even more likely to avoid them.

Direct marketing, the shotgun approach of bombarding the widest possible swath of consumers with the same message, may no longer be viable. The Gate's Fraser said the technique has remained popular since the heyday of the late 1980s and early '90s, when an aggressive direct marketing campaign could expect a response from 8 percent of consumers. Today, he said, response rates are more often less than 1 percent.

"We've reached a stage where it's not about 'how does media reach the most people,' which is what people have talked about the last five years. It's 'how does media reach people that believe in a product and believe in what it does?'" Fraser said.

HOW CAN YOU TELL WHO IS WATCHING?

Advertisers are also working on ways to better measure effectiveness. The non-profit Advertising Research Foundation is working with two trade organizations, the American Association of Advertising Agencies and the Association of National Advertisers, on a project to determine the number of people within a target audience who are reached by a message and how many of those people are actually engaged by the ad.

"With media fragmentation and consumer empowerment, the industry needs to find something better than just reach and frequency to gauge ads. Engagement will become a deeper measurement," said ARF President and CEO Bob Barocci.

But measuring and even defining engagement is a big job, one that Barocci concedes could take years. In the meantime, marketing departments and ad companies are left to develop their own ways of engaging customers. For now, it appears that less actually is more, and companies like The Gate are likely to move away from the shotgun approach and develop relationships with consumers who are already attracted to their products.

"Consumers still do want to buy products. They just don't want to be sold things that are irrelevant to them," Fraser said. "They've caught on to our tricks and they've had enough. Hitting people over the head doesn't work."



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