
MEDIASMITH ANVIL



Volume 2, Issue 1

October 17, 2001

Less Filling, Tastes Great!

By David L. Smith, President/Media Director, Mediasmith, Inc.

For some reason that I really cannot understand, the “argument” over whether the Internet is a DR vehicle or a branding vehicle that has heated up lately. My friend John Durham of Winstar/Interep added fuel to the fire a few weeks ago by stating that they would NOT take CPA deals.

To me, this is like a number of humor-based commercials.

Less filling! Tastes great!
Tastes like a candy mint! Works like a breath mint!

Or, the classical group of blind philosophers trying to describe the elephant, based on the part of the elephant that they were feeling, the trunk, the body, the tail, the tusks.

This is not a black or white situation, folks. ALL media have DR and branding aspects. They have retail aspects too. And many shades in between. The backlash from some corners on the Web as a DR vehicle have even gone so far as to include all metrics that have anything to do with direct sales, which I liken more to retail than DR.

The reality is that all media have all of these aspects in varying degrees. And, the media vendors have figured out a way to obtain revenues from all strategies in order to survive.

Let’s face it. If the Web is only one or the other, Web advertising will continue to suffer, as it has already.

So many folks seem not to get this, that I thought I would review the parallel examples from other media.

We all know that television is the ultimate branding medium. No other medium that we have ever used is as good as TV in creating awareness of a new product. Assuming that you use it correctly and have the proper creative. Yet DR advertising abounds on TV. Charles Schwab built their business on it before they got into branding in the early 90’s. Turner built their cable empire by aggressively using DR ads to fill up unsold time. They still do this. Do they take anybody who comes along on a “CPA” basis? No. They have a very specific process. An advertiser must run paid advertising on other stations and satisfy the Turner folks as to

what the cost per inquiry is going to be. A deal is then cut on that basis. As Lennon said, "Here's a little clue for us all." Only by selling BOTH brand advertising and PI (per inquiry) advertising did Turner get where they are today, an integral part of the AOL Time Warner family of media properties.

Magazines are also a great branding medium. They do not work as quickly as TV but if you stay the course, use them right (enough reach, good continuity), they are an extremely efficient way of building awareness, the first step towards branding. Yet almost all magazines use some form of DR to survive. The trades have a direct mail section in the back. Lower rates. No edit adjacency. But it works. Some magazines take PI advertising (see Turner above) and others take DR ads as regular ads with the advertiser assuming the financial responsibility to make it work through coupons, 800 numbers, Web addresses, etc.

Even outdoor has both types. The tobacco companies survived for years with outdoor as their "reach and quick come" vehicle after being banned from TV. Yet outdoor companies are also great as a response vehicle. How? By selling location directing boards. How many of you have stopped at a fast food restaurant as a function of a board near a freeway exit. If that is not DR, I don't know what is.

There is no question among those who know that the Web can be a great branding medium. The IAB has a collection of some fourteen studies establishing the efficacy of branding on the Internet. Many other examples abound. Most of these pieces of research are announced in advance and I personally do not know of a single example where an increase in awareness was not generated.

We all know the benefits of the Web as a DR medium. So what's the issue? It seems to be in several areas: Education, pricing and buying methods.

Education

The industry needs to do a better job of communicating the branding research that exists. And when they get a client with a branding goal, they need to insist that the client do the proper research through companies like Diameter, Dynamic Logic and Milward Brown. We just took on a major piece of Interactive business that was at a top Interactive agency. The client is adamant that their goal for the Web is purely direct sales on their Web site. For the millions spent on media and creative, the previous agency did no research to establish otherwise.

Pricing/Buying Methods

The sales management people at networks, sales organizations and sites need to redo their rate cards. It needs to be a fairly complex grid. At the top should be CPMs for the branding advertisers. These CPMs need to be realistic, affordable and reflective of the market. If the market rebounds, raise prices, but don't make it so difficult to make a deal or satisfy yourself that you are getting a fair price relative to other advertisers. And the major sites need to sell true ROS. Initial investigations involving the new reach and frequency initiatives indicates that the major sites have sold so many prime, fixed positions to long term advertisers that

the package goods company which comes in with a reach objective has no chance of achieving a reasonable goal. In effect, we are all buying remnant. It is no wonder that some major advertisers are unhappy with their results.

The lower end of pricing should be CPA (or cost-per-whatever the client needs to sell on). But it should be the responsibility of the client and agency to establish a track record as in TV. And it needs to be set up so that everybody wins. The predatory buying techniques of some CPA buyers, whereby they lower the goal every month, is a zero sum game. At some point, the model will break down and they will be out of business.

Lastly, we need to repeat our plea that all Web efforts should be tracked. There are few campaigns that, in the end do not deliver some of each goal, branding and CPA. You should do the research as well as track the back end-for both online and offline sales. You just might learn something about the branding effect of your DR effort. And, you might find out that even though your campaign is a branding effort, it can generate sales if you can properly track the results from both your Web sites and your brick and mortar channels.

Try it; you just might learn something that takes your company to a new level in Web advertising.

David L. Smith is President of Mediasmith, Inc., the Integrated Solutions Media Agency based in San Francisco and New York. He can be reached at smith@mediasmithinc.com.

NOTE: (A version of this article first appeared in MediaDailyNews on 10/15/01 from MediaPost)

- In the late 1980's, agency relationships averaged 11 years. Today, they average 2.5 years. As reported at ITMAC, October 2001.
- In the wireless marketplace, 70% of IT professionals opt out of advertising. Only 30% of general consumers opt out of advertising. Researchportal.com.
- In the year 2000 the Cabletelevision Advertising Bureau repeated a study that was first fielded in 1965. In the year 2000 only 8% of the 1000 people queried could name one or more brands that advertised in the show they had just seen vs. 34% back in 1965.

If you'd rather receive this newsletter via e-mail, please send your e-mail address to: newsletter@mediasmithinc.com , or subscribe online by going to our website address – <http://www.mediasmithinc.com/contacts/subscribe.html> to sign up for these newsletters.

Mediasmith, Inc. (Main Office)
555 De Haro Street, Suite 360
San Francisco, CA 94107
415-252-9339

New York Office
380 Lexington Street, Suite 1700
New York, NY 10168
212-551-7995

