Navigate this page:
- "Who,"
- The Advertising Agency / "Who"....
- The Commercial Message/ "Says what"
- The Audience Consumer/"To whom"
- The Communication Medium/ "In What Channel"
- With What Effect

INTERACTIVE MARKETING: The Future & Present


CHAPTER 9
And Now a Word From Our Consumer The Impact of Interactive Communication on Advertising and Marketing

By Edward Forrest, Lance Kinney, and Michael Chamberlain

Edward Forrest is an Associate Professor and founder & director of the Interactive Communications graduate degree curriculum at Florida State University. His ongoing projects include multi-platform CD-ROM and CD-i disc production, World Wide Web page-site development, interactive advertising & multimedia marketing-strategies research. He received his Ph.D from the University of Wisconsin-Madison in Communication Arts in 1981.

Lance Kinney (BA, Communication, Auburn University, 1984; MA, Advertising, University of Georgia, 1987) is a 1995 graduate of Florida State University where he received his Ph.D. in Mass Communication. He has worked as an account executive and communication coordinator for both agencies and client firms. Dr. Kinney's primary research interests are in the areas of emerging advertising vehicles, such as new technologies, sponsorship and promotion, and film product placement, along with affective response and attitude toward the ad. He has presented original research at national advertising and communication conventions, and published in these areas.

Michael Chamberlain is Director, New Media Activities, of United News &Media, plc, London, England. He is also Chairman of OIT Limited, which is a subsidiary company specialising in the creation of electronic online sites, including the Internet, as well as broadcast fax, fax on demand, and audiotex services. He was awarded his Ph.D. in Communication at Florida State University in 1993, where he specialised in multimedia publishing, interactive communication, and new media technologies. He received his Bachelor's and Master's degrees in Economics and Social Studies at the University of Manchester, England.

What impact will interactive communication have on: ..... The role and scope of activities of the advertising agency? ..... The form, style and substance of the advertising message? ..... Target market segmentation, definition, and strategy? ..... Media planning?

Are you ready for: ......The communication concept? ...... Interactive advertising-pods? ...... Partipulation? ...... Technographics?

This chapter will use as an organizing scheme Harold D. Lasswell's (1948) classic
communication paradigm: Who Says what To whom In what channel With what effect
As an organizing scheme, Lasswell's paradigm allows us to independently address each core component of a mediated communication system. Wherein: "Who," concerns the agent that conceives and controls any given communication. "Says What," refers to the message -- its contents and aesthetics. "To Whom," refers to the audience for which the message was produced. "In What Channel," refers to the medium through which the message is transmitted. And, "With What Effect," concerns the nature and magnitude of impact that the message has on the audience's attitudes, beliefs and behavior. Specifically, we will be contemplating the range of effects that can be expected as the commercial communication industry moves from a mass-mediated to a computer-mediated system.

The Advertising Agency / "Who"....Like so many other institutions born and bred in the industrial age of mass production, mass media and mass consumption, the advertising agency has, in the main, approached the new media with hesitation and skepticism. Advertising, has always been an industry that was quick to exploit (if not create) new trends. But, unlike the trends of the past, the new communication technologies have not been readily embraced according to the initial reports by industry observers:

...traditional agencies are woefully behind in mastering technology and getting their clients involved in interactive projects. An August, 1994, Advertising Age ranking of the top 29 agencies as to interactive technology use awarded high marks only to Ogilvy & Mather...."The majority of large agencies are doing everything they can to frustrate the interactive movement", asserts Alan Brody , program director of Createch, a Scarsdale, N.Y. company that sponsors interactive advertising conferences. Interactive advertising means reengineering the way suppliers, producers, and consumers interact. And, as every technology manager knows, reengineering frequently engenders resistance. (Wilder,1994) It is suggested that the emerging interactive technologies will reengineer the way suppliers, producers, and consumers interact in at least three critical ways.

(1) The agency will evolve: From carnival barker to communication clearinghouse... With respect to reengineering the nature of the relationship between the agency and consumer, we will witness the essential character of the advertising agency evolve from that of a Barker on the mass-media midway-- of simple slogans and "unique selling points," to that of an on-line mediator of comparative and compelling information that will assist the consumer at every stage of the consumption cycle. To date, advertising's most basic charge has been to provide the consumer with a few bits of information in the most direct and entertaining manner possible. For the most part, all that was needed was a catchy headline and/or visual to grab attention, some body copy to describe the products comparative benefits and a logo and slogan to promote memorability. However, we are experiencing an ever-increasing array of products and services from which to choose, and coupled with the increasing pace of modern life, we have less time for comparison shopping than ever before. Moreover, it has always been the case that when it came to "high-ticket" items (such as appliances, automobiles, homes, etc.) and specialty products (such as audio and video components, consumer electronics, etc.) the gap between advertising and sufficient information was filled by the "salesman." It remains that on both fronts --for salesman as well as for commercials -- there is room for improvement in the quantity and credibility of information provided consumers. Thus, "instead of cramming the world's airwaves with eye-catching images, clever jingles, and celebrity hucksters," advertising now has the ability to "evolve into a two-way medium in which consumers with PCs and a modem can choose the information they want to access." To wit:
A PC-based diskette produced by automaker Ford is an example of what sets interactive advertising apart. Called the Ford simulator, the program lets potential buyers compare colors, engine sizes, options, and payment plans for Ford's entire consumer line of 25 cars and light trucks. Information not hucksterism, is the goal, says Larry Dale, a Ford marketing specialist in Dearborn Mich. "The more information they have," he says about high-tech shoppers, "the better vehicle they will have in mind when they go to a dealership." (Wilder,1994)

(2) The agency will evolve: From working for the media and advertisers...to working with the consumer...... A second function that interactive technology will reengineer will be the nature of the relationship between the agency and the media. Historically, an "adman " was the middleman who bought wholesale chunks of space in magazines and newspapers and then resold parcels to individual
advertisers. In turn, the adman received a 15% commission ("kick-back") from the medium for his efforts. The advertising agency evolved by adding on the copywriting and design functions to the media placement services of these original "space brokers." In recent years the traditional 15% commission has been squeezed by sponsors who want to pay agencies directly for their labor, and not indirectly for the amount of media space or time they consume. Many agencies now place advertising for commissions of 10-12% or less. Moreover, the media buying services that were once the sole province of a full-service agency is today provided by specialized media services serving many accounts. And, copywriting, along with print and broadcast production, have moved to so-called "boutiques." Other agencies have moved into specialty areas and niche services such as promotion and direct marketing. A predictable consequence of this trend of agency specialization is the emergence of the "interactive advertising agency." As opposed to the advertiser of the past, the interactive advertiser sees his task less as a pitchman for sponsors than as a consultant for consumers. To quote one leading interactive pioneer:

"We see interactivity as enabling brands to create better relationships with their customers, said Gerald O'Connell, Modem Media's founding general partner.....Modem Media, Westport, Conn., specializes in designing, advertising and promotional campaigns on Interactive platforms, ranging from CD-ROM to the Internet.... One campaign Modem Media designed... involved a college football poll conducted on Prodigy Services Inc. The objective, O'Connell said was to "create an affinity between college football and Coors Light." Consumers were able to vote for their favorite teams using Prodigy's on-line service, or by phoning to an "800" toll-free number, and win such prizes as a trip to the Super Bowl game. The campaign generated 10,000 responses in a week. (Interactive advertising pioneers, 1994)

At its best, the interactive agency will serve as a facilitator of an on-going, on-line conversation between the advertiser and consumer, providing the customer not only with exactly what information they need--when they need it (on demand advertising) , but also additional venues though which to interact with the sponsor. (3)The agency will evolve: From the marketing concept to the communication concept.... The fundamental principal on which the advertising and marketing industries have operated throughout the past decades has been the marketing concept (defined as profit through consumer satisfaction based on the ability of the product or service to deliver the attributes promised by advertising). While the marketing concept will continue to be important, the ad agency will increasingly need to pay homage to (what we define as) the communication concept : The process wherein the ad agency enables, engages, facilitates, sustains and rewards interaction between consumers and advertisers throughout the entire consumption cycle.

Future advertising success will be found in giving the consumer the easiest, most rewarding access to relevant information before, during and after the purchase. Interactive technology enables the advertiser to personalize his approach to every customer and exchange relevant information that will prove mutually beneficial. For example, .... when the French edition of Vogue wanted to spice up print ads in a perfume supplement, it put a lip-sticked kiosk in the cosmetics area of a Paris department store. The interactive kiosk.... didn't dispense fragrance but offered personalized advice.... it asked shoppers about the personality of the woman who would use the perfume....Kiosk users could pick up a phone receiver in the kiosk to hear the questions whispered by a female voice. At the end, the kiosk program printed recommendations for the aromas that best matched the woman's lifestyle.... (The customer response as described by the sales manager) "it was amazing... there was a line from 10am to late at night." (Clark, 1994)

`In the future, the bottom line will not only be a matter of market share (measured by a company's percentage of sales relative to the total sales in a product category) but also info-share , measured by the number of clients active in a database that is developed and maintained via interactive technology.

Perhaps, the compensation pattern of future advertising will have less to do with the amount of advertising placed or produced, than with the number of inquiries any given interactive ad generates. Already this is the system in which direct marketers operate, as do "fulfillment houses" that channel information on consumers back to advertisers via" kickback" cards in magazines and telephone contacts. However, the leads that are passed back for follow-up are often weeks and sometimes months old. Interactive technology simultaneously offers the consumer advertising on demand and the advertiser the opportunity to follow-up any inquiry with additional "just-in-time" promotional materials and purchasing information.
The Commercial Message/"Says what" The nature and contours of the advertising message itself will undergo drastic change. As we move from the mass -to -the multi-mediated world of interactive communication at least four predictions can be made regarding its impact on the character and contours of the commercial message itself.

(1) The commercial message will become multi-dimensional and transactional. We will move from one-way, truncated 30 second spots, 1/2 page spreads and 7-word billboard blurbs to interactive advertising-pods of product information that can be peeled back like an onion with "tell-me-more" & "show-me-more buttons, while the consumer provides the advertiser with key facts and data:

(2) The commercial message will move from intrusive commercial messages that intermittently interrupt the on-going media experience of the consumer to invited conversation, wherein the consumer actively seeks out and requests advertising and promotional materials. Defined by Don Peppers and Martha Rogers as invitational advertising - (The reader might note that this and other original insights into advertising's "one-to-one" future with individual customers will be elaborated on by Don Peppers and Martha Rogers in the ensuing chapter): Successful advertisers will have to stop their frenetic shouting at customers, and will instead offer polite invitations designed to initiate or continue individual customer dialogues. Starting a dialogue, either with a current customer or with a potential new customer, will be the primary goal of any marketer hoping eventually to sell products or services. Advertisers will no longer find it beneficial to irritate viewers into remembering their brands. Not only is this a bad way to begin a dialogue, but it is very likely that in the interactive future a consumer who feels irritated with a certain ad or brand will be capable of forbidding that brand from appearing on his own set again. (Schrage, Peppers, Rogers and Shapiro, 1994)

(3) The Commercial message will be less ephemeral (zapped in a matter of nanoseconds; skipped with a flip of the page; driven past at 65 mph) and more embedded with information being part and parcel with the program with which the individual is interacting. Indeed, the evolution of corporate web sites (such as the one produced by Modem Media for Zima Clearmalt- described in chapter 17 of this book) is reminiscent of the early days of broadcasting, when programs where wholly produced and controlled by a single sponsor and it's advertising agency. (4) Finally, in terms of style and substance, the "commercial" message will move from glib and superficial titillation with intangible rewards to substantive value-added "infotainment" with immediate and tangible rewards. No longer will the simple play-on words, funny innuendo or double entendre -with a slice of cheese or beefcake thrown in- be the consumer's only reward for paying attention. The interactive ads of the future will necessarily offer consumers something real and something tangible for their time and attention:

....in the age of interactivity, this formerly implicit bargain between advertiser and consumer is likely to become decidedly explicit... We're talking about deal city, here. Imagine getting offers like these when you turn on your television: >> "Watch this two-minute video on the new Ford Taurus, and we'll pay for the pay-per-view movie of your choice." >> "Answer this brief survey from Kellogg and we'll pay for the next three episodes of Murphy Brown." >> "Push the Tell-Me-More button on your remote at any time during this ten-minute infomercial, and you might win a Caribbean cruise." (Schrage, et. al., 1994)

The very nature of the advertising business has been to inform consumers about "new and/or improved" products in an entertaining way. The expanded frontiers and contours of the new media allow the advertiser to expand the commercial message with much more "info" and enables the consumer to participate in the "entertainment."

Interactive ads can evolve into compelling direct-response environments - informative, intimate, and immediate..... It's easy to imagine McDonald's producing an educational video game called, say, Burger Hunt, for its kiddie customers. Ronald McDonald gives the player a random quantity of 'McDollars' and the child has to maneuver, Mario-like, through mazes of Hamburglars and other McDonald-Land obstacles to buy and bring back just the right number of burgers, fries, shakes, and McNuggets - plus change - to win. ..... The point is simple: Games are dual purpose - they create compelling experiences and get customers even more involved with the product. Coca-Cola, Toys R Us, PepsiCo, and NABisco may all ultimately design games to imprint their products onto the neurons of their younger customers. .....Similarly, Chrysler or Toyota might develop VR driving games for adolescents and adults to promote their cars. (Schrage, et. al., 1994)

In the 1960's, a prominent political advertising practitioner, Tony Schwartz, spoke of
a phenomenon he called "partipulation:" Wherein, you could heighten the involvement an individual had with any given commercial if you got them to "participate in their own manipulation." Certainly, these new interactive ad-games--which in the act of playing consumers will get their neurons imprinted--takes that psycho-behavioral process to heights Tony Schwartz never dreamed of. **The Audience & Consumer**/"To whom" ... To date, the audience to whom advertising has been directed has been defined in bulk terms--i.e. adults, teens, households, women 18 to 49, men 25 to 34. When dealing with the mass media the mass audience was packaged and sold by the "cost-per-thousand " and by "gross rating points." However, as noted by Paula George Tompkins, president of the SoftAd Group (an interactive ad agency in Mill Valley, CA., with such clients as Ford and Abbott Labs):

"You can't use traditional measurements like cost-per-thousand and cost per response.... measuring interactive is a lot more involved and detailed..." (Wilder, 1994)

Interactive technology will generate a virtually endless stream of consumer information. Instantly a marketer will know what individuals are interested in his product. Within seconds of any inquiry the advertiser can respond to each and every consumer's unique set of questions and needs. The sale can be closed before the consumer ever even encounters a competitor's product on the shelf. Of course, that means big piles of new data for marketing experts to sort through and analyze. But this is not the traditional number-crunching variety of marketing information. Detailed buyer profiles present a different information technology challenge than that produced by massaging reams of transaction records from supermarket checkout scanners or telemarketing centers. (Wilder, 1994)

Perhaps, the standard demographic descriptors of the audience will need to be supplemented with something like technographics: Defined as combined index of general demographic measures (i.e. age, sex, income, education, etc.) and specific measurements of an individual's ownership and use patterns of interactive technologies. Thus, traditional demographic market segments, like women 18 to 49, can be further defined by their access to and amount of time spent with any given interactive technology. Instead of cost-per-thousand we may need to calculate "hits-per-pod" or maybe "mouse-clicks-per-sale."

**The Communication Medium/ "In What Channel"** ... The real problem with advertising is that there's going to be so much of it .... (David Abbott, Chairman and Creative Director, Abbott Mead Vickers, one of Britain's top five advertising agencies, quoted in the Financial Times Weekend, Apr. 30 - May 1, 1994.) The Internet and World-Wide-Web, America Online, Prodigy... are just some of the on-line services that we can add to the list. Other new media advertising vehicles include an alpha-spaghetti of acronym platforms like CD-ROM, CD-I, CD-ROM-XA, VIS, DVD, 3DO, etc. Its all on-line, on demand and brought to you by cable, satellite, fiber optic, optical discs, cellular and wireless technologies. In the emerging interactive media world, mass media will refer more to the number of channels than to the nature of the audience. Tomorrow's audience will order a la carte. In addition to all the various on-line services and optical disc options, tomorrow's media consumer may have five hundred-plus TV channels from which to choose. It has been estimated it could take up to 14 minutes to survey (zap through) all the channels, lest it be for the intelligent agents ("KnowBots") pre-trained to their master's or mistress's voice that will screen out the excess, and deliver only a limited "menu" of program choices...tailored to taste. You like sports? Your "KnowBot" may locate 30 events for your review. Movies? fashions? News? Sitcoms? All there in abundance, and again that is not including any entertainment alternatives like movies-on-demand or CD-ROM games. And, how about advertising? Imagine a television channel devoted entirely to commercials...no programming...no chatty spots from a shopping network. Only ads. Most people would agree that the station's audience would be a small, eclectic slice of the demographic pie: insomniacs and masochists. Yet, by years end (1994), 10,000 PC users in four U.S. cities will test an interactive online service that some may regard as the cyberspace equivalent of this imaginary advertising channel. The service called ProductView Interactive, will carry pitches for cars, vacations, stereos, financial services, and sporting equipment. Consumers will be able to comparison shop by clicking icons and hypertext to obtain detailed information about an advertised product. (Wilder, 1994)

**With What Effect**- Is the ad agency ready for all of this? Are traditional advertising techniques facing imminent extinction? Is an entire industrial age species in danger of becoming "road-kill" on tomorrow's information super-highway? It is becoming ever more apparent that the heady days of the "go-go" 1970's and 1980's are over .
Yesterday’s advertising campaigns were all about targeting the masses - using mass media to get your (client’s) message across. Reach and frequency was the name of the game. One ‘good’ TV commercial made for up to $ 1 1/2 million - the British Airways “Manhattan” commercial cost that - could be used time and again to reach the target market with advertisers willing to pay over five times that amount to reach the right audience, such as Budweiser at the “Superbowl.” And that's for just one spot. Few and far between is the mass advertising campaign today wherein a few media purchases generate lots of (easy) commission. The full-service ad agencies of yesteryear promising global brands, and global marketing strategies to match, have been pummeled by recession, culminating in reduced fees and commissions, and correspondingly dismal levels of earnings. Staffs are smaller, expected to accomplish more with less. The only “innovation” of note has been the growth of specialist media buying “shops” which cudgel media owners into lower-than-rate-card deals. Program sponsorship, product placement and airtime “barter” deals have also grown in popularity. But they are small beer. Clients have become increasingly demanding regarding measurement of performance, with many now coupling agency compensation with market share gain or other performance measures. Large and small agencies alike have been buffeted by the winds of change. They have been forced to reach new accommodations with their clients, and work in much reduced circumstances.

As a result, the agencies claim they are being squeezed so badly on margins that there is little room for maintaining existing services never mind creating or developing new interactive ones. As Martin Nisenholtz, former VP of interactive marketing at Ogilvy & Mather Direct, observed:

" A lot of big consumer product companies had people dedicated to new technologies...but budgets were cut....You have to justify everything you do in terms of short-term value. That's tough to do with interactive technology." (Wilder, 1994)

Meanwhile, the tick of high-technology marches on. The necessity to prepare for its impacts is not entirely lost on the advertising community. By the end of 1994," the industry's two major trade groups, the Association of National Advertisers and the American Association of Advertising Agencies (also known as the Four A's), formed a joint task force to study the new media” (Maddox, 1994). Advertising executives like Betsy Frank, executive vice president and director of strategic media resources, Saatchi & Saatchi, admits that: "Most of our clients recognize they are going to have to make some pretty significant changes in how they communicate with and motivate their customers" (Maddox, 1994). And, no louder wake-up call could be given than that of Edwin Artzt, chairman and CEO of Proctor & Gamble Co., who in a May '94 keynote speech at the Four A’s annual convention "exhorted advertising representatives to wake up to the reality of new media technologies” (Wilder, 1994).

Just what exactly that “reality” will be, nobody really knows. There remains a gaping void between the ultimate promise and present performance of interactive technology. Because of this state of affairs advertising practitioners "have shifted from whats possible to what’s real." (Maddox, 1994). Until the hardware manufacturers, software programmers and distribution companies narrow the gap, some observers are putting out the “do not disturb” sign for folks like Proctor & Gamble’s Edwin Artzt. In his petition to “Give Ad Agencies A Break,” Al Perlman makes the case to “debunk one of the myths on the state of the interactive market:"

...The myth: Advertising agencies aren't doing their share to make interactivity happen. The reality. Bull....Where's the infrastructure?...the bandwidth's just not there yet for the video, imaging and audio that will enable the type of creative execution clients are expecting....The business paradigm for most interactive business is undefined....How is fulfillment handled? Billing? Security? Customer Service? Advertising comes with many of its own built-in questions. Whom does it reach, how many respond, how is the impact of the ad measured? Add interactivity to the equation and all of the questions multiply. (Perelman, 1994)

Indeed, determining the ultimate impact that new interactive technologies will have on the advertising industry is difficult. Moreover, early speculation on the probable applications and initial impact of new media technologies is often off the mark. There is no reason to believe that the prognosticators of grand nature and scope of interactive advertising are any more immune to media-myopia than their predecessors; (with media-myopia defined as a unique combination of shortsightedness when it comes to estimating the public’s desire for any given technological advance AND rearsightedness when it comes to ascertaining its ultimate utility). Albeit, the “potential” impacts that new interactive technologies may have on the advertising industry have been recognized. The emerging spectrum of communication technologies will offer the consumer a wide range of options from
which to receive information on consumer goods and services. To be sure, the new interactive technologies will allow the consumer greater control and a more central role in how and how much product/service information is accessed. Whether or not the consumer wants to assume a new role and exercise greater control remains to be seen. As Schrage, et. al., observed:
The fashionable, faux futurism predicts that this time will be different, that this time new media technology will guarantee the individual the upper hand over the advertiser. Maybe; maybe not. More likely, we'll see these new media renegotiate the power relationships between individuals and advertisers. Yesterday, we changed the channel; today we hit the remote; tomorrow, we'll reprogram our agents/filters. We'll interact with advertising where once we only watched; we'll seek out advertising where once we avoided it. Advertising will not go away; it will be rejuvenated. (Schrage, et. al., 1994)

References

Share with your friends:
good one where Deloitte is presenting the summary of a white paper in a unique style, which is enough to attract visitors. It also nicely complements the website at the same time. (Source: Deloitte). Marketing Interactive The Art and Science of Connecting with Consumers. Yean Cheong, VP of marketing solutions Asia Pacific at Cadreon, says Hong Kong is just beginning to wake up to the idea of programmatic buying, which has been a topic of interest for local marketers for the past year. "The adoption of programmatic will depend on how fast publishers pick up programmatic and once they do, growth will be exponential," Cheong said. "And it's not far away -- overseas markets have been growing programmatic buying for the past three to five years. We predict the timeframe will be shorter for Asia. "In the future, you will be able to see the connection between Facebook likes and brand preference in terms of sales on the same dashboard," Chan said. We use cookies to make interactions with our website easy and meaningful, to better understand the use of our services, and to tailor advertising. For further information, including about cookie settings, please read our Cookie Policy. By continuing to use this site, you consent to the use of cookies. Got it. We value your privacy. We use cookies to offer you a better experience, personalize content, tailor advertising, provide social media features, and better understand the use of our services. To learn more or modify/prevent the use of cookies, see our Cookie Policy and Privacy Policy. Acc... Interactive Marketing: The Future Present. January 1996. E. Forrest.