

Good Question: My Business is Struggling. Should I Advertise Now?

by John M. Grund

Sometimes, what to do about advertising seems like a religious question: You cast your marketing dollars upon the waters, then hope and pray that they return to you tenfold. Then there are all the denominations to choose from: television, radio, point-of-purchase, billboard, yellow pages, magazine, newspaper, direct mail.

Some business owners are convinced of the power of advertising as though by a conversion experience—Gert Boyle told me her favorite maxim on this some years ago: “Early to bed, early to rise, work like hell and advertise.” Obviously it’s worked for Columbia Sportswear. Still, others remain skeptics to the end.

Let me introduce a local evangelist on the subject: Richard Rosen.

Rosen is an experienced salesman turned advertising guru who will gladly bend your ear on the ontological underpinnings of advertising for an hour ...or three. As head of AlloyRed in Portland (formerly Rosen/Brown), he preaches his gospel of “brand-interaction” advertising to audiences nationwide. I’ve heard some say he could be the next Dan Wieden—an ad exec who might actually change how advertising is done.

Rosen’s sermon begins with the message that the traditional advertising model—spend widely and well to create a brand awareness that will eventually filter down to sales—only ever worked for the biggest companies. Nowadays, it doesn’t even work that well for them, as potential customers are inundated with competing messages.

“Every company wants to be Nike and every agency wants to be Wieden + Kennedy, but there’s

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little regard for the horsepower it takes to be that,” Rosen says, adding that if

your business has to ask the price, you don’t have enough. Instead, he advises, most businesses should pursue a more targeted approach.

Unfortunately, the word “targeted” has been around long enough—both used and abused—that it has lost its meaning. What Rosen means is that advertising should drive people to interact with

your company in some way. Rule No. 1, as he puts it, is to change your thinking so that you link your marketing and advertising dollars to customers, not transactions.

So Rosen’s ads offer customers a couple of free pints of ice cream in exchange for receiving an information packet on a new product. Or they give

customers a useful report in exchange for answering a short survey. Others send customers to a website where they can get detailed information about the product, and give the company some useful information about the customer's preferences.

Such interaction, Rosen says, is a much better way to recruit, qualify and soften up sales leads than traditional approaches. Moreover, when you have to figure out the cost of treating each potential customer to a couple of pints of ice cream, it forces you to consider just what a customer is worth over a lifetime of buying your products.

Rosen has his clients set up effective databases to track response to ads, to turn leads into customers, and to resell and cross-sell former customers. The model demands a high level of coordination between product design, marketing, sales, finance and fulfillment, which may be one of its most beneficial effects. Every company, of course, works better when all of its disparate parts are centered on the customer.

So, what should you do about advertising? It may not be the right question to ask. After all, there are any number of ways to get new customers in the door. (I suspect that Rosen's free premiums and easy surveys, which are putting up great numbers today, may lose some effectiveness as the novelty wears off.) It may be more important to ask yourself: "What do I do to turn that first-time transaction into a lifetime customer? How do I keep customers and make it unappealing for them to switch to my competitor?"

You only get a certain number of chances with advertising. You can screw up and try again until the money runs out. But if you don't know how to keep customers, finding advertising that works may only grow the number of people who buy your product and then walk away unhappy with the result.

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(Author John M. Grund poses a question about the effectiveness of premiums/offers within this Oregon Business Magazine article. We've taken the opportunity to continue the virtual conversation here.)

Many years of combined experience within the agency have proven the effectiveness of offers when done correctly. This time-tested strategy still works today when something of interest to the prospect is used to stimulate interaction far greater than if there is no offer. It's critical to understand the audience and where they are in the sales process prior to selecting the premium. The magic is not just in the premium but how it's positioned—the refinement of the art direction around the offer, along with copy that engages, and more.

Traditional agencies have tried, failed and abandoned the idea because they didn't understand the intricacies. Maybe they didn't have the courage to increase the assertiveness of the vehicle to a level that made a difference. We agree—a premium for premium sake does get old.

Understand the prospect. Respect their time and select an offer that is on subject, and of value to them, and in doing so you will build respect for your brand.



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