

Published in the **Valley Business News**
for the Santa Clarita Valley Chamber of Commerce
July 2009

Challenges Facing Today's Advertisers

by Teresa Todd

In advertising, it's all about the brand. When the brand wins, we win. Right? Well, not necessarily.

The marketing landscape is rapidly changing. Media assets that were once secure and stable are now best described as fluid in today's marketplace.

Advertising's share of the marketing budget peaked at 70 percent in its 1963 to 1970 heyday. Today it holds 32 percent of budget with projections it will decrease to between 25 and 28 percent as soon as 2011. With its diminishing role in the marketing ecosystem, marketers need to rethink fundamental principles.

"In a down economy, throw out conventional wisdom" was a theme repeated during this year's national American Advertising Federation convention held June 4-6 in Washington, D.C.

Hot topics included marketing integration, behavioral advertising and regulation. Integration aligns focus around a large scale project; everyone comes to the table with common goals. It's about identifying the right people who are specialists in their field to participate. The ability to effectively integrate depends on the size of a marketing budget, not lending itself well to scalability.

The brand message should be simple – one message that drives across the right channels where it'll have impact. In his recent presidential campaign, President Barack Obama covered every touch point of communication. When looking for areas of production efficiencies, it is contextual relevance that drives ROI and engagement.

An emerging practice area is behavioral marketing, which is tracking consumer online activities over time. It differs from the practice of dayparting and makes it personal. For example, dayparting might trigger a Coke ad to run in a specified market area when the weather reaches above 90 degrees during a particular time of day. In this case, ad frequency is both weather and time dependent. In contrast, behavioral targeting delivers ads to consumers based on their past search and purchase behavior. Since user behavior reveals their interests, a greater number of prospects are likely to convert.

Of course, security, data retention and use issues arise when sensitive data is involved. A class action lawsuit is pending against social network giant Facebook for privacy violations as a result of the Beacon ad program, which automatically told a user's friends about their e-commerce activity.

Consider this: Do you really want your co-workers to know what movie you rented last night? Probably not, but the technologies exist with the data collected. In response, the Federal Trade Commission's new Chairman Jon Leibowitz has warned the advertising industry to prove self-regulation is possible or face government intervention. Consensus at this year's AAF convention was that regulation is imminent.

On the flipside of its potential for misuse, behavioral marketing has tremendous advantages. In addition to high conversion rates, targeted ads can reach specific consumers, eliminating waste and increasing advertising efficiency.

Media industry analyst Jack Myers forecasts there will be a supply and demand inversion for the next five decades across all businesses. He opines that “change equals crisis plus opportunity.” Considering the current economic state, there seems to be plenty of opportunity for real marketing transformation.

Teresa Todd is president and CEO of Point of View Communications, LLC, a Santa Clarita-based marketing, communications and public relations agency located at 28422 Constellation Road in the Valencia Industrial Center. Todd is also vice president of Advertising Professionals of North Los Angeles, an affiliate of the American Advertising Federation. She can be reached at (661) 257-4440 or by email at ttodd@pointofviewcommunications.com / pointofviewcommunications.com

#