



EXPERT TIPS for Incorporating DR Into Your Brand Strategy

1 Both agencies need to check their egos at the door and respect each other's skills. A blended campaign will only be effective if the general agency and the DR team work together.

2 Work with DR specialists — many DR campaigns fail because clients go into it "halfway" or try to employ brand metrics and methodologies to DR.

3 Establish clear and measurable metrics against which to measure the campaign.

4 Make sure you have the back-end (specialized telemarketing, online integration and fulfillment) in place to support the campaign. Successful campaigns can be ruined by lack of infrastructure.

5 Work with your advertising agency to harvest and analyze usable and meaningful data, which has the dual benefit of: a) helping with media efficiency; and b) learning more about your customers.

6 Don't expect success out of the gate. You need to be committed to testing (pricing, offers, etc.), and you won't necessarily find the answer in the first two weeks.

7 Approach humor in creative with tremendous care because it doesn't necessarily produce results. When you're trying to get people to take action, it's more important to appear honest, credible and upstanding than it is to be funny.



A Thaw in the Agency Cold War?

General agencies are learning that their clients want more direct response included in their campaigns — and some are even reaching out to leading DR agencies with open arms.

Sep 1, 2007

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Response

General agencies wondering why a growing number of clients are looking to add a direct response component to their brand advertising strategy, could arguably find the answer in one word: accountability — or as John Fuller, president of Culver City, Calif.-based boutique agency Kovel/Fuller prefers to say, "Recognizing the reality of the world."

"General agencies have to recognize that whether you call it 'direct response,' 'ROI' or 'trackable results,' it's where the world is going," Fuller explains. "If you can offer direct response, and not be afraid or intimidated by it, the better off you are for the future."

Fragmentation of media markets means more competition for consumer eyeballs, making it harder to assess the effectiveness of a 30-second spot. Direct response, on the other hand, "removes a level of ambiguity from the marketing process and instills discipline and accountability into advertising," according to Ian French, president and executive creative director of Northern Lights Direct Response in Toronto.

What's more, it seems to help keep viewers' fingers off the fast forward button.

The first publicly-released information from TiVO's StopWatch showed that three of the top five least-fast-forwarded brand campaigns in daytime and primetime for April 2007 were direct response ads, including the top two — Almost Golf sporting goods and Perfect Pushup exercise equipment.

Why? The answer boils down to two things: the very nature of a direct response TV spot — which focuses on describing a problem and delivering a solution with benefits — and a different creative style than brand ads. "Everyone talks about the importance of having entertainment and excitement to keep the consumer engaged," explains French. "But to my

mind, what keeps consumers engaged is *relevance*; in other words: Is this going to make my life easier? Brand ads aren't as 'on message.'"

DR Strategies Pay for Clients

The second key to the effectiveness of DR compared to more traditional branding spots in the TiVo environment is the difference in creative style employed by direct response advertisers versus traditional brand spots.

"Successful DRTV spots are very sharply focused visually with very little time wasted on pretty, meaningless things. So even at fast-forward speeds the selling aspect comes through and grabs attention," explains Fuller. "Most 'branding' TV spots spend much of the 30 seconds on non-selling visuals. So they are easier to scan through without something grabbing your attention to make you stop."

Brand marketers find additional benefits from incorporating direct response strategies, such as the ability to achieve some cost-effective market research. As Carl Langrock, president and chief operating officer of Fairfield, N.J.-based COREMedia Systems, puts it, "The power of DR is in the data."

With ROI increasingly becoming the name of the game, DR's ability to achieve instant and consistent ROI measurement, rather than less precise measures employed by the typical brand advertisement, is a huge plus.

"Direct response agencies don't rely on abstract measures, but rather on tracking customer response and correlating it with the media buy," said Langrock. "It's like a traditional brand lift analysis but done on a daily basis."

What's more, large retail-oriented brand companies like The Home Depot and Procter & Gamble are starting to recognize the retail sell-through power of DR, according to Tim O'Leary, CEO of Portland, Ore.-based Respond 2 Communications. "While DRTV drives direct sales and customer contact, it also proved a very effective way to drive retail sales through couponing," he contends.

Selling DR's Benefits

Virtually instant measurable results, less likely to be fast-forwarded, the ability to gain useful customer data while driving retail sales — you'd think the decision to employ a direct response component would be a no-brainer. But getting general agencies — and their clients — to understand the format's benefits is often an uphill struggle, requiring education and persuasion.

"One of the problems is that your basic *Fortune* 500 chief marketing officer, whose butt is on the line for all of the company's media purchases, has been trained to respect brand metrics like impressions, recall, ratings, etc.," explains Mark Hodor, vice-president of direct response for Chicago-based Carat. "So when the direct response guys come in and say rating points don't really matter, they blow their top."

The power of DR was recently on display in August when Carat USA restructured its business by putting its top two executives from former direct/interactive arm Carat Fusion in charge of the overall agency.

Another problem is that direct response is still considered by many to be the "poor" relative (some might even say the "porn" relative) of the advertising business. "Most clients have a long-ingrained preference for building the brand and generating name recognition," explains Chris Conderino, executive vice president/director of planning and client services for New York-based agency Zenith Optimedia Direct. "Advertisers have seen brand building and direct response as two entirely different strategies."

Indeed it's been the opinion of many traditional agencies that there is but one goal for the use of direct response in a campaign — that it doesn't hurt the brand. Rick Sangerman, senior vice-president and director of client services at Chicago-based A. Eicoff & Co., quotes his company's maxim, "You can't undo an image for an order."

The Last Days of Brand vs. DR?

But if one considers what brand is all about, it's easier to see how direct response can fit into the picture.

"Branding delivers value to consumers because they don't have to think through every purchasing decision in detail. There's a promise from the company to the consumer that they'll always deliver," observes Doug Garnett of Portland, Ore.-based Atomic Direct. "This brand relationship requires trust, and the interactions provided by direct response are a great way to build that trust."

The traditional advertisement, according to Garnett, is about saying, "Here's who and what we are." He likens it to the guy you meet at a cocktail party who says, "Hey, I'm a great guy," but you don't actually know if he's going to stand you up the next time you're supposed to meet.

Customer interactions with the company — assuming they are positive, which means all the back-end systems, such as call centers and fulfillment must be in place before the DR spot runs — are a quick way to build trust.

Fortunately, some forward-thinking general ad agencies now see that direct response, or what Fuller calls "response branding," has a positive part to play in building the brand. "Ultimately, if you aren't generating some kind of response, you aren't building a brand," he said.

Garnett compares the effect of direct response to the peeling of an onion. "Each message uncovers a deeper understanding of the product and each layer of communication 'moves' the consumer to new understanding."

Fuller prefers to look at it in accounting terms. "On the balance sheet, brand is expressed as goodwill; in other words, it's value over and above book value," he explains. "Advertising is a very expensive business item, so I like to tell clients that if it's not having an effect on the profit and loss, in terms of (increasing unit sales or higher unit sales price) *and* the balance sheet in terms of goodwill, then it's like buying a piece of capital equipment that blows up after one year."

The shift to direct response still tends to be more client-driven than agency driven. "It typically stems from Client A seeing that their main competitor is doing direct response, and asking: 'Should we be doing it too?'" says Hodor.

Brand and DR Agencies Team Up

Such was the case when the California State Automobile Association (CSAA) approached its general ad agency, San Francisco-based BuderEngel about doing a direct response lead generation campaign. "Our naive perspective on direct response was that you put an 800 number at the end of the ad," says co-president and managing director Wayne Buder.

Fortunately, Buder enlisted Garnett and Atomic Direct to work on the direct response component of the CSAA campaign. "We've learned a lot from Doug about the way you structure a 60-second spot," Buder contends. "The DR spot was much more literal in terms of telling the story, and spelled out exactly how being a AAA member would solve the problem. The level of detail increased dramatically."

BuderEngel also collaborated with Atomic Direct on the launch of Disney Corp.'s kid-friendly cell phone service, Disney Mobile.

The 30-second spots created by BuderEngel, which launched in fourth-quarter 2006, touched on the key features of the phone, such as the built-in GPS system so parents can keep track of a child's whereabouts, and the ability to dole out minutes like an allowance. "Our job was to lay the groundwork to get consumers connected to brand, then leave it to the direct response ads to get people to do something about it," Buder said. "The brand campaign was emotionally evocative about role of wireless in the life of a family."

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Garnett adds, "The 60-second DRTV spots allowed us to pick up on the emotional 'attachment' created by the 30-second spot and fill in the blanks. They offered a viewers a specific plan and issued a call-to-action to sign up over the phone."

Buder thinks resistance to direct response on the part of general agencies boils down to lack of familiarity. "Creatively it challenges the traditional agencies because we don't know that world. It's not that direct response is more or less creative — it's just different."

He has tremendous respect for his direct response counterparts, and thinks that viewing DR as a second-class citizen within the advertising world should be relegated to the past. "Direct response is about accountability, and it's beholden on general agencies to understand what that means," Buder says.

Conderino, a veteran of both the traditional and DR sides of the business, still finds herself convincing clients that they won't be compromising name recognition by incorporating a DR strategy — if anything they'll be gaining a cost-efficient complement to their general advertising, which actually aids brand awareness.

"I'm constantly telling clients DR doesn't come on a different TV set with different viewers — we're buying the same media that brand agencies are buying and often achieving the same audience level," she says. "While we can't fix a spot in the mid-break of 'Desperate Housewives,' we might pay 50 cents on the dollar for a DR spot and get 75 percent of the audience exposure the 'Desperate Housewives' slot would have achieved, gaining value for our client."

But it's not always an uphill struggle. "Our agency partners are eager to learn about DR," Conderino said. "They find it exciting that the work they do can be measured in real people, with real responses, not just in rating points."

One thing is clear: for general agencies, learning to embrace direct response — whether you call it DR, trackable results or ROI — is a critical part of being able to survive and thrive in the future.