GETTING PERSONAL IN AN IMPERSONAL WORLD

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According to the 1992 Yankelovich Monitor, only 5% of Americans have confidence in the information contained in advertisements. That's down from an already dismal 8% confidence rating, just one year earlier.

52% of the population says there's a need for new regulations to improve truth in advertising. That's higher than the perceived need for new regulations about pension reform, worker safety and sexual harassment, among others.

To look at the bigger picture, consumer confidence in information from major corporations declined from 28% in 1988 to 13% in 1992. Confidence in statements from major corporations on their point of view of issues is down from 23% in 1988 to 5% in 1992. Fewer than 50% of consumers express confidence in <u>any</u> industry. 57% feel that if the opportunity arises, most businesses will take advantage of the public if they feel they will not be found out.

Closer to home for direct marketers, 89% of Americans agree with this statement: "It has become too easy for business organizations to find out how much you have saved and spent; there should be legislation to safeguard privacy." 68% believe businesses supplying data to marketing companies is a violation of privacy and 63% say sale of mailing lists without permission is a violation of privacy.

What do today's consumers want?

Americans today are tired, stressed out and increasingly uncertain about the future. They're irritable and suspicious of marketers...particularly marketers who are perceived as wasting their time, or invading their privacy.

Yet the irony is that, in an era when time is money and people are terribly short on both, consumers stand to benefit from what direct marketers have to offer...perhaps more than ever before.

What is it today's consumers want? They want to know they're getting value for their dollar. They want to escape the stress of gridlock...which Yankelovich's Barbara Caplan defined as not just what happens on freeways, but "the fallout of the unsuccessful attempt to create balance in life".

Americans want relief from the time-wasting inefficiency of buying from uninformed clerks in the mall. And today nobody trusts anybody but you have to trust somebody. So most of all, American consumers want to form relationships with reputable marketers they can count on in the long haul.

A recent American Demographics editorial (1/93) spoke eloquently on this last point, as it affects baby boomers approaching the rough waters of middle age. "Marketers can offer boomers some of the security they crave. People who are surrounded by risk will stick with companies that anticipate their needs, take responsibility when things go wrong, and show concern for their satisfaction even when it's not time to make a sale. In an uncertain world, businesses gain market share by acting like dependable neighbors."

These are all benefits which direct marketers can provide. Our challenge is making consumers listen to us, and believe us.

They haven't always disliked us.

Interestingly, Americans haven't always had it in for marketers. Once upon a time, they felt good about the people they did business about and more surprisingly, they even liked the advertising. Consider, for example, the marketing environment at the end of the last century...an era with some parallels to our own time.

After a long period of growth and prosperity (which had followed a great war around the middle of the century), America in the first years of the 1890s went into a sharp depression. The economy recovered, but people's faith in the future was profoundly shaken.

In rural America, farmers felt disenfranchised by the growth of the cities. The country was changing, and they weren't getting their fair share. But the cities were their own kind of chaos. Unlike European cities which grew over centuries, American cities often sprang up in a decade or two without tradition or even a logical geographical reason for existence except that they were centrally located along the new routes of commerce that were being defined. They were in the right place at the right time.

And those cities had larger and larger proportions of immigrants, people from other cultures who did not have an appreciation of traditional American politics and business but were primarily interested in getting their families fed.

In the 1890's, it was clear the old ways were going away and America was headed in a new direction. But it was much less clear what that direction was, or how we were going to get there. And how did Americans get the information they needed? A lot of it, from advertising.

For example, until Ivory was introduced in 1876 there was no commercial soap industry. People made soap in their back yards, out of leftover fat and lye. So the early soap advertising not only had to sell soap, but tell people why they should consider commercial soap and how to choose between one brand and another.

Another example is the advertising for the first convenience food--pork and beans. Until modern food processing equipment and appliances came along, homemakers really had no choice but to spend hours slaving over their families' dinners. The early ads for Van Camp and other canners explained how to serve up this new phenomenon, and also reassured home cooks that it was all right to open a can, without guilt, when unexpected guests arrived.

Meanwhile, distribution channels were changing as more and more rural delivery routes opened up. Mail order ads, for companies like Montgomery Ward and Sears, told people that wherever they were, they could order from catalogs and enjoy convenient delivery instead of choosing from a limited stock at the general store or placing an order and waiting months to get the goods.

In the cities, people had to get used to the idea of shopping at giant merchandise emporia instead of small shops where they could get hand-made goods, and deal with the same clerk all the time. And so those stores ran ads that reassured people about the level of service.

If you look at the ads of that time, you find that not one of them is attempting to make a one-time sale. All of them are selling a relationship with a company, a product, a service, or a store.

They're also reassuring the customer that even though the world is changing, things are going to be okay. "Those unexpected guests will like your canned baked beans, just as much as the home-made dishes you used to slave over. The service at the shoe store will be every bit as good as when the cobbler made each pair by hand. "

Such messages were important because marketers had to educate their audiences that, in a time of changing manufacturing methods and

distribution systems, mass-produced goods and mass-delivered services were not inferior to the type people were used to that were made one at a time.

In the 1890s, advertising did more than sell a product. It entertained, with news and new ideas. It added value by providing information people needed and wanted, and might not get any other way. If the Yankelovich Monitor had been around at the time, the advertising confidence rating would have been sky-high.

What did they know that we don't?

So where did we go wrong? What did these century-ago advertisers know that we don't...or, rather, that we have forgotten?

To start with, they knew their audience. Not because they'd done a lot of research, but because there wasn't that much to know. In the late 19th century, even with an accelerating pace of change, American lifestyle was still relatively homogeneous. So if a marketer designed an ad based on personal experience and intuition, there was a good chance it would reflect the perceptions of the reader.

Second, they respected their audience, with a tone of communication that reflected their concerns and fears and provided reassurance and hope. When you're suffering from future shock, raw information is a little hard to digest. Advertising can be a more appealing messenger of change because the marketer instinctively translates the message into a benefit statement of "what's in it for me?"

Third, they talked to their audience about things that interested them. They added value. They provided news about new products, new fashion trends, new ways of dealing with a changing world.

Fourth, they provided service. In a changing world, information itself was one kind of service. Another was the reassuring promise that "when you come to our store or order through our catalog you will have a predictable and satisfying shopping experience."

They did all these things because fifth, they were selling a relationship rather than a one-time transaction. They knew that the consumer's perception was the sum total of all they had read, heard and experienced and so the advertising tried to build on that perception...saying not "come

and buy this today" or even "come and do business with us" but "we are the kind of people you want to do business with".

Three sins of advertising in the 1990s.

By comparison, the first mistake many marketers make today is targeting their message at the wrong audience. (Or, delivering the wrong message to the right audience, which amounts to the same thing). This problem has become increasingly serious as people become more aware of the power of database segmentation.

Today's consumers think you know something about them...even when you don't. So when they receive a mailer that is obviously intended for someone else, or they read an ad which is overly general and has nothing of specific interest for them, they may not assume you simply don't know any better.

Instead, they may decide you do know but you simply don't care. It's a sin on the order of misspelling someone's name in a business letter, or failing to check the most basic facts about the prospect when making a sales call.

Secondly, much of today's advertising exists in a vacuum. It's self-contained, stand-alone, produced by one division of an organization for a one-time sale or for one specific event. We forget the reader sees one company and a relationship with that company evolves over many contacts.

Consumers today are looking for business partners. They want to form a relationship with reliable suppliers who can be trusted in the long haul. The advertising needs to be looked at as an ongoing dialog in which every contact either helps you build the relationship--or hurts you.

A third problem is that waste itself has become a sin in the 1990s. Instead of simply ignoring an irrelevant advertisement, today people get angry. They resent the resources you used to create it, and the imposition on their time as they carry it to the wastebasket or the recycling bin.

Catalog consultant Susan McIntyre likes to point out that, when you get a 2% response to a mailing, that doesn't mean the other 98% had no response. Quite possibly, they were irritated by the unwanted attention and will be less willing to do business with you in the future. And, possibly, less willing to do business with anyone else who advertises through the mail.

How to succeed in advertising in the 1990s.

The more prevalent these mistakes become, the greater the competitive opportunity for direct marketers who are willing to understand the audience, talk about their interests, and speak their language.

And the waste factor in competitors' advertising represents a gold mine for marketers who are fortunate enough to work with clean, tightly defined databases and focused communications perspectives. These strategists and creative practitioners know they can afford to expend more effort and money on each contact because they're talking to the right people. And they can justify a higher-impact format, or more frequent insertions, because they know the right thing to say at the right time.

In short, the formula for advertising success in the 1990s is the same as it's always been: give customers what they want.

Customers want respect and affirmation.

Nike, and others in its industry, have turned athletic shoes and related clothing into a lifestyle affirmation. And what's most interesting is the advertising for Nike's women's apparel products. Always on consecutive two-page spreads, these ads speak directly and intimately to a certain kind of woman who is the target for its product...a woman who has some material success but is searching for self-fulfillment. It establishes credibility on the first page and enables the reader to buy into the premise that a powerful lifestyle change is needed and available.

For example, one ad begins with a picture of a young girl in pigtails with the caption, THIS IS A 40 YEAR OLD WOMAN. Another starts, YOU ARE NOT YOUR MOTHER. The message in both cases is that you can be whoever you want. The advertising avoids stereotypes by taking a frank look at a fit, but not perfect, woman.

Instead of being directive, telling the reader what to think or what to wear, Nike's ads are reflective. They affirm what's good in her self-image, then present the product as the catalyst to make it better. The (high) price of the merchandise is almost irrelevant because you're not buying a shoe--but self-actualization.

Customers want you to get to know them.
They want credit for being individuals.

For Nike, the highly personal tone invites readers to become involved with the ad and request Nike's women's resource book, in effect self-selecting themselves for inclusion on a direct marketing database.

For Stash Tea, an entire mail order business has been built on the backs of teabags, where a message invites people who've tried the product to call or write for a free catalog of tea paraphernalia. There's a tea newsletter, tea serving tips, teapots and teacups...and lots more tea. This could be a problem if an order from the catalog cannibalizes business from the retailer...but Stash recognizes this and tries to placate the retailer by including right next to its order form a list of retailers where the product can be found.

Stash represents a solid example of building and marketing to a database...but here's the advertising inspiration we all can learn from. They originally sent out their initial catalog accompanied by a letter that said, "thank you for requesting our catalog." To see if it really made a difference to talk to people as individuals, Stash tried an experiment: they customized the first paragraph of the letter.

Stash 800 operators asked a few questions when people called to ask for catalogs, then played back the answers in the welcome letter. For example, "we're glad you enjoyed the Stash Formosa Oolong when you dined at Jake's recently. Thank you for requesting our catalog."

After the first paragraph, the two letters were identical. But as a result of this single change, conversions--people who actually ordered from the catalog they had requested--improved 30%.

Customers want predictable service.

Customers would prefer superior service, of course, but predictably average service is better than today's reality of driving to a shopping center, fighting your way through crowds, and then discovering a store is out of advertised sale merchandise.

This is where a mail order marketer has a real edge, because they can control the process of communicating with the customer and make the service highly predictable. For example, through customized correspondence.

At Bear Creek Corporation (parent of Harry and David, Jackson & Perkins and Orchids Only!), they're designing a system in which highly variable personalized letters will be generated automatically, based on things that happen in the customer relationship. Acknowledging your order, alerting you to a problem, reminding you that you gave Aunt Nellie pears last year and it's time to order again.

Their database allows for variable messages, depending on what Bear Creek knows about a customer. There can be a coupon at the bottom of any page...like a discount you can use on your next order. Or a special offer--return the form with your friend's name so we can send them a catalog, and both of you get a small gift.

Customers want to be paid for their time.

With time today at such a premium, it's an incredible affront to waste your customer's time with irrelevant advertising. And it's no surprise that some of the most successful marketers are those providing information and entertainment to reward shoppers for the time spent reading their ads.

Land's End, for example, takes pains to describe where it gets its fabrics and how its luggage is designed. Testimonials--actually more like mini-stories--from real customers are interesting and add credibility. Land's End's Christmas catalog always includes a couple of well-written articles that draw readers in, even though these articles use up precious space that could be used for selling. Even the paper used to pack shipping boxes is printed with a charming Christmas story.

Another example is the legendary J. Peterman catalog, which grew from a 1988 startup to $30 million in sales by 1992. The charm of this catalog is in the untraditional copy, which could have been written by Hemingway and played by Bogart and Bacall. "In a nutshell," says John Peterman, "I'd describe it as living life the way you wish it was...this is just an extension of giving the customer what they would really like to have." Good advice, when you're successfully marketing luxuries in a recession.

Customers want a relationship, not just a transaction.

Today's best examples of relationship advertising can be found in cigarette marketing. Tobacco companies need to be prepared for any eventuality...including the possibility they may no longer be allowed to advertise in print, in the same way that cigarette advertising is already banned on television. So for several years, the companies have been

building databases by asking consumers to tell them they would like to receive cents-off coupons and other offers.

Camel markets to young smokers with its cool "Joe Camel" character and "Camel Cash" which is redeemable for merchandise in a special catalog. Winston has the Sports Connection: sign up and you get a free Super Bowl cap plus a special number you can call for sports scores. And, of course, you can expect to get lots of coupons.

One benefit of this kind of club is that it builds a direct relationship between the producer and the customer, so the retailer is now just a facilitator. If the store doesn't put up your signs, that isn't going to end your relationship with your customer. If the buyer encounters an ill-informed or rude sales clerk they may get mad at the store, but not at you or your product.

Advertising succeeds when it becomes part of your product or service.

Customers want you to respect them as individuals. They want you to take the trouble to understand their needs. They want predictable service. They want value for the time they spend with your ad. And they want a relationship they can count on.

When all these objectives are successfully met, something very interesting happens. Your advertising becomes part of your product or service.

That's the reason that, once upon a time, people liked advertising. And it's the secret we can use to win them back. Just listen to what they're saying...then give them what they want.