SQUEEZE MORE SAVINGS OR MAKE MORE MONEY

By Steve Fajen

If you are not sure of the answer, just ask one of the 95 million Americans who currently is not in the workforce which action they would prefer.

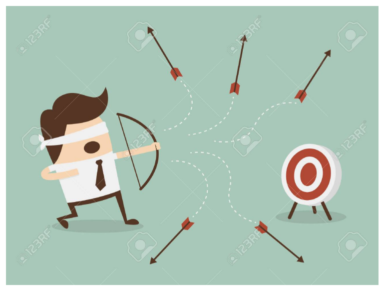
.

When you Google "What clients want from their agency," knowledge of their business and development of a successful strategy consistently appear in the top five criteria, regardless of source. Media strategy outpolls media buying and even creativity. This opinion has evolved over the past several decades.

1970s: Continuance of creative dominance
1980s: A decade of mergers and media buying clout
1990s: Emergence of optimizers and auditing buys
2000s: Modeling and programmatic buying
2010s: Digital pre-eminence and BIG DATA

The proliferation of useful data expedited by digital systems has convinced marketers to place at least as much value on strategic planning as on buying. When you think about it, that makes sense. If you have $100 in sales, chances are (depending upon the category) you are spending somewhere around $2.50 on advertising and fees for a typical brand. Logically speaking there is more to be gained from a strategy that increases the $100 than from squeezing the $2.50 with efficient buying and negotiating fees. As my old business partner, Mike Drexler, used to say, “You can’t save your way into prosperity.”

“The biggest cost of advertising is paying for ineffective campaigns. My estimate is that's 35% of media dollars is wasted due to mis-targeted, mis-scheduled advertising.” – quote from Erwin Ephron: lifetime achievement award winner from Advertising Research Foundation.



Put another way, if you have the wrong strategy, it doesn’t matter how efficiently you buy media. It will simply be misdirected. Yet we audit media buying, but not media planning. It’s time to change that and audit strategies for their Return on investment.

Going Beyond The Core

Here is just one example of how we can be lulled into doing the same less effective thing over and over again.

As a rule advertisers generally aim their messages at a very discreet target – users. This is understandable and very seductive. However that might not be the most productive strategy.

Several years ago Catalina Marketing, Pointer Media Networks and the CMO Council issued their *Core Consumer Study*, which received some favorable press at the time and then faded. We think their findings are still very useful.

In essence after studying 1364 CPG brands, in 23,000 stores and 54 million homes, they found that...

For the average brand 80% of its volume is consumed by just 2½% of consumers. I like to call it the 80:2 Rule. Sure there were variations by brand, but generally speaking one out of every forty consumers bought most of a brand's inventory.

If that is the case and many marketers keep targeting those who will buy anyway, that seems to be the wrong strategy for growth. At some point we become oversaturated. However it does help explain why we are bombarded with the same commercials over and over again, especially on cable where clients can more easily try to micro-target with television.

Shouldn't a more effective growth strategy reach beyond the core consumer into at least the next circle of influence? A strategic planning audit would determine the most effective strategy.

April, 2018

Steve Fajen is President of [Steve Fajen Consulting]. SFC conducts media agency reviews, relationship repair and media resourcing. The firm also advises both clients and agencies on business development matters and compensation. Steve is a co-author of THE MEDIA PLAYBOOK, the bible on client agency relationships,

reviews and compensation. The book is available in digital and hardcover* form on *AMAZON