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# AOL

## redefining marcoms

This case study recognises AOL's massive investment in mail media communication as a challenge to the traditional marcoms disciplines and therefore introduces a smarter framework.

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## Contents

<b>Integrated Marketing Learning points</b>	<b>3</b>
<b>Background</b>	<b>3</b>
<b>What marcoms discipline has AOL used?</b>	<b>4</b>
<b>Conventions about advertising</b>	<b>5</b>
<b>The roots of advertising</b>	<b>7</b>
The modern advertising industry	8
Above and below the line	10
<b>The essence of the problem</b>	<b>11</b>
<b>Advertising builds the AOL brand?</b>	<b>12</b>
<b>The Clash of disciplines</b>	<b>13</b>
<b>The AOL communication cocktail</b>	<b>14</b>
<b>A new model of communications</b>	<b>16</b>
New thinking on communications	18
New thinking on media	19
New thinking on structure	19
RADAR: a new communications tool	19
<b>Executive takeaway</b>	<b>21</b>
<b>Notes</b>	<b>21</b>

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The 106 billion-dollar merger of AOL and Time Warner is still the largest in history. However, at the time of writing, the AOL founders have left, the share value has fallen more than 70% since the merger, and a \$54 billion loss in one quarter following goodwill writedown broke all business loss records.

The merger strategy was to exploit the complementary value of AOL's customer equity and Time Warner's content equity. Key to this strategy is the number of AOL's active customers. In an effort to stay the equity losses and maintain AOL's historic growth momentum, AOL Time Warner has invested heavily in customer acquisition, including hundreds of millions of mailed communications that use a cocktail of communication skills. We believe that an open examination of their creative strategy is an entry to understanding how communication professionals and brands could strongly benefit from radically rethinking their marcoms philosophy.

## Integrated Marketing Learning points

During our research, we have identified over 140 Audit factors that indicate successful Integrated Marketing in organisations and brands. The AOL Case study demonstrates interesting aspects of the following 10 important Learning points, each of which describes a factor that should be operational. How well AOL performs will be considered.

1. Customers feel that all their brand experiences come from one identity.
2. It doesn't matter in which channel or country the customer shops; it is one brand adjusting to the local context.
3. Customers buy because of pleasing value, not promotional discounts.
4. The Marketing function is organised primarily around customer groups with different needs and opportunities, not marketing disciplines.
5. Senior marketing people are skilled in multiple communication disciplines.
6. The brand is thoroughly understood by everyone in the extended marketing team.
7. Each communication project is based on a "big media neutral idea" prior to designing its specific communications elements.
8. Communications for each type of customer/person are planned in whole series or sequences.
9. The potential of all media and method to support any communication objective is included as standard in planning processes.
10. Planning first seeks the most *effective* media/discipline mix for each communication project.

## Background

Industry estimates suggest that one billion AOL CDs produced by Asian manufacturers have been distributed to mailboxes as well as grocery store displays, cereal boxes and computer packages worldwide, with the peak of activity being in 1999. AOL themselves to say that they have never counted them, which seems surprising since counting the number of mailings and measuring responses is basic good marketing. It is more likely that they have never added up all the communications.

Janice Brandt, who came to AOL from a Connecticut book club to spearhead the direct marketing operations, developed the strategy. She joined the company in

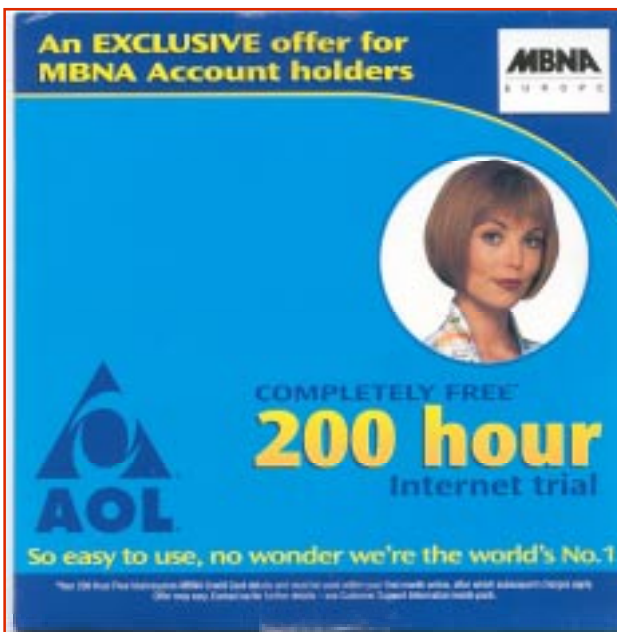
1993 when AOL was a distant third among online services behind CompuServe and Prodigy and convinced founder Steve Case that the way to grow the business was through direct mail.



AOL CDs and mail pack's are now a collectors item for some.

While some consumer groups claim to be trying to collect one million packs to dump on AOL, for others they are an art form. With over 1000 different visual formats, AOL CDs/packs have become at least for some a collectors' item, with some packs now claimed to be worth over 100 dollars at auction, and active Internet exchange markets as for cigarette cards. Nevertheless, for every collector there is probably someone else using the CDs as frisbees (we have observed this). There are also others who have a far from positive attitude to the regular mailing. Indeed there are numerous Internet sites that offer the option to register to be removed from AOL mailing lists.

## What marcoms discipline has AOL used?



This mailing, one of probably more than one billion sent out to prospective customers, raises a question about marketing communication disciplines. Agency Mortimer Whittaker O'Sullivan

The sheer volume of this communication and its contribution to the creation of the AOL stock value, albeit the value was a mirage, would be enough to make it worth examining their mail packs.

However, a closer look posed some puzzling questions. What marcoms discipline or disciplines does this AOL mail pack in fact represent? Indeed, what kind of communication is it?

This might seem like a purely theoretical question, but it proves to be one that challenges marcoms conventions and consequently training and practices. Before we can answer it, we will have to explore what the marketing communication disciplines are and how they are understood. It is some time since marketers first began querying the concept of 'advertising campaigns' or 'direct marketing' campaigns since most programmes are a blend or cocktail. <sup>1</sup> We believe the same ambiguity applies here, an ambiguity that once understood leads to insight.

Professional marketers know that this is a mail pack because mail pack is an organising idea that they have learnt<sup>2</sup>. Unfortunately, along with the recognition there comes not only opinion but also assumptions and associations. What is a mail pack? What does it mean to a professional?

Here is a representative opinion:

It is a direct marketing communication. Direct marketing is one of the marketing communication disciplines.

Direct marketing is good for getting responses. That is why it was a good tool for AOL to use if they wanted to get new customers.

But it is not advertising. Advertising is for building the brand.

Direct marketing is for getting responses and sales. You evaluate direct marketing by measuring responses and sales.

You evaluate advertising by measuring attitudes.

In order to understand what we mean by mail pack and by direct marketing it is necessary to put it in the context of the modern system of marketing thought in which it belongs. What 'direct mail', for example, means is affected by what marketers also understand by other communication tools<sup>3</sup>. As evidence of this, let us cite one leading book on advertising, in which Carla V. Lloyd details in one chapter<sup>4</sup> 53 diverse media now available to the enterprising marketer, from cows with billboards to the floors of supermarkets<sup>5</sup>. In addition to these 53, she adds the five traditional media 'channels': network and cable television, radio, PR, print and outdoor, plus the Internet. Remarkably, however, in this celebration of the diversity of advertising media, *mail, email and telephone are not included*. The reason for this is that they are of course not recognised as advertising media! It follows, of course, that the AOL mail communication cannot be advertising.

It is for this reason that Superbrands, in their survey of 100 of Britain's strongest consumer brands does not mention AOL's use of mail media in the development of the brand, despite its millions of pounds spent on this <sup>6</sup>.

## Conventions about advertising

This is a widely endorsed point of view, for example in an influential definition provided by the influential academic Kotler and his colleagues: "Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services to mass media such as newspapers, magazines, television or radio by an identified sponsor". <sup>7</sup> Note: the key term here is 'mass media'.

David Pickton and Amanda Roderick echo this in their leading textbook, *Integrated Marketing Communications*<sup>8</sup>, in which they define advertising as "the use of paid mass media, by an identified sponsor, to deliver marketing communications to target audiences". They go on to say that many people confuse the meaning of advertising, which should be distinguished from other forms of marketing communications activity. They consider that it is often used as a term to describe a wide range of different promotions well beyond the remit of advertising. This is a point of view worth querying. If it is often used in another way, why is that. Might this be a more valid approach?

Crosier (1999) defines advertising as: "communication via a recognisable advertisement placed in a definable advertising medium, guaranteeing delivery of an unmodified message to a specified audience in return for an agreed rate for the space or time used". Wells et al (1992) define advertising as: "paid non-personal communication from an identified sponsor using mass media to persuade or influence an audience".

The first of these definitions fails logically, since it is a circular argument in which advertising is defined as something in an advertising medium, the medium being defined by the fact that it is advertising. It does bring out an important point about unmodified messages, in contrast to say the traditional discipline of public relations, but it is a point that would apply just as well to mail media like AOL's.

The second definition associates advertising with impersonal, general communication to everyone. If so, it is presumably the weakest not strongest discipline?

Chris Fill, editor of the CIM integrated marketing communication diploma material, defines advertising in his book, *Marketing Communications*, as "a non-personal form of mass communication".<sup>9</sup> More importantly, he describes the role of advertising in the promotional plan as the ability to influence audiences by informing or reminding them of the existence of the brand, or alternatively by persuading or helping them differentiate product or organisation from others in the market.<sup>10</sup> This is precisely what the AOL pack aims to achieve (as part of its package of objectives).

Some academics argue that the key feature of advertising is that it is placed amidst the content of the media owner, so that the experience of the ad is affected by the surrounding content. Given that advertising is a term applied to poster sites and 'ambient media', this argument fails. (They have no more surrounding content than mail or store coupons.) In any case, the primary characteristic of all communication is that it is placed in the context of the consumer.

The consumer perspective turns out to be very different. For example, a study by the Leo Burnett agency of 1000 consumers called at random and asked what they would call a wide variety of marketing communication forms discovered that consumers answered "advertising" to over 100 different forms of marketing communication.<sup>11</sup>

The Advertising Association, a UK federation of 25 trade bodies representing the advertising and promotional marketing industries including advertisers, agencies, media and support services, take a different and broader view in their online paper introducing advertising<sup>12</sup>. They recognise that there is both a narrower and a wider definition of advertising, and therefore include, in addition to display and classified

**A recognised academic Advertising definition:**  
"Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services to mass media such as newspapers, magazines, television or radio by an identified sponsor".  
**Kotler et al**

advertising, both direct mail and circulars - advertisements, which they say, use the letterbox as a medium.

This accords with Royal Mail's own view that mail is a medium of marketing communication like any other. Also like most commentators include direct response advertising, aka 'direct marketing', i.e. using the ad in place of a retail outlet, which they suggest cuts across other communication divisions, a point we shall return to. The effect is that the marketing communications disciplines include 'advertising' and 'direct marketing' as separate streams except that part of direct marketing is advertising – or is it the reverse?

At its broadest, the Advertising Association recognises advertising as including a whole gamut of other activities - e.g. sales promotion, exhibitions, design and packaging, and even marketing itself. As such, that echoes the consumer view and contradicts that of Pickton and Roderick.

The Advertising Association also makes an important point: "All these activities require more or less the same skills (often using the same people), and serve similar objectives". We shall also return to this, not least because it disputes a common assumption. If this is true, why are they so divorced from each other?

Having recognised the broader definition of advertising, the Advertising Association paper then agrees what is effectively a *convention* by which advertising will have a narrower meaning within the rest of their introduction. As such, they make explicit exactly what has happened within the marketing community and how it thinks. The standard definition is a convention: unfortunately the convention is forgotten and becomes . To understand that, we should first delve into the roots of advertising, where we will find that the convention gets forgotten and

## The roots of advertising

Marketing activity is extremely old, going back to the roots of human civilisation. The very first uses of writing include the record of commercial activity in the temples of Sumeria around 5000 years ago<sup>13</sup>. At this point, commerce (an older term for marketing process)<sup>14</sup> and the exchange of goods was an integral part of sacred activity, managed not only under licence by the temple priests but with their active involvement. Indeed, it is fair to say that there may be some resemblance between the guardians of the brand today and the guardians of the temple deity in past millennia. Commercial activity in the form of trade is also seen as fundamental to the development of civilisation. Early historic discussions of marketing, once the ruling of the temple became more relaxed, for example those of Plato and Aristotle, were concerned with the social impact and ethical questions of marketing.

Advertising activity, in the sense of actively communicating information about products or services for sale and encouraging people to buy them, is also extremely old and a vital part of social development. In the days before printing and electronic communication, the primary marketing communication methods were vocal and display. The hawker of services and wares – Old shoes to mend! – might well be considered as practising something like the combined art of neon signs and radio jingles. And of course the display of product, from market stall to contemporary shop window, remains important.





A Turkish market.

However, outdoor advertising was in practice before printing. Within the ruins of Pompeii, there are murals that demonstrate the advertising of shop wares and one found painted on a wall calls the attention of travellers to a tavern situated in another town. An outdoor advertisement excavated in Rome offers property for rent.

The English term 'advertising' derives from calling someone's intention to something newsworthy or important, possibly with a warning, and derives from at least the 15th century<sup>15</sup>. An important application, similar to the hawker, was the town crier, a live medium paid to shout the praises of a merchant's wares.

In Japan, a similar term was used, Hikifuda, which had the meaning of 'to draw', i.e. drawing attention to something<sup>16</sup>. The English term 'advertisement', meaning a paid announcement in a newspaper goes back to at least 1582 and in 1588 was used in the sense of 'making generally known, especially to make publicly known by announcement' in a journal (i.e. daily paper), but it was also applied to circulars<sup>17</sup>, i.e. it had a wider application as in the contemporary Advertising Association description. Japanese advertising was similarly active in the same period, showing that this was a diverse practice.

The first printers advertised their own products using little flyers. Merchants followed this with flyers that often contained characteristic symbols of the guild members. These were also used as posters on walls. Early examples of printed advertising include the use of placards or broadsheets as well as trade cards, catalogues and cookbooks used to promote products. In the 18th-century, Great Britain was probably the most sophisticated user of marketing communication, with a flourishing industry.

Advertising's roots therefore demonstrate that it has an older and wider meaning than simply ads in 'media publications'.

## The modern advertising industry

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Volney Palmer is generally described in American marketing literature as the first 'advertising man' because of his importance in the development of the modern advertising industry structure<sup>18</sup>. His 'advertising agency' in Philadelphia in 1841 represented newspapers looking to sell their space. He provided the means by which those with space to sell could be matched with those who wanted to find space to buy, a sort of advertising eBay of the 19th-century, and indeed closer to



the modern media agency than to the advertising agency, although they did facilitate the creation of ads, as in modern classified advertising or the Yellow Pages. As his fee for this service, Palmer earned a commission of 25 percent of the gross cost of the space from the publisher.

This commission turns out to be the hallmark of the modern advertising industry, as well as, based on our research, a barrier to best practice.

The second phase in the history of the American advertising agency is associated with George P. Rowell, who founded the important trade magazine *Printer's Ink*. Rowell bought space and then re-sold it at a higher margin. In the process he developed a more complex commission system and a more elaborate list of newspapers in which he offered space. Rowell thus established the basic format for other agencies, including Carlton and Smith (in 1864), which later became J. Walter Thompson.

Advertisement placed by J. Walter Thompson in  
 Blue Book of Trade Marks and Newspapers, published by The  
 W. P. Hubbard Co.

**80% OF THE**

Advertising in the UNITED STATES is placed through the Agency of  
**J. WALTER THOMPSON,**  
 NEW YORK.

Being Exclusive Agent of the Majority and the Special Agent for all Magazines.

**30 THE STANDARD LIST OF MAGAZINES.**

This list has established a reputation among advertisers of bringing the best returns for money expended at any list of periodicals in the United States. They reach the homes of well-to-do people who have the means to purchase and intelligence to appreciate the desirability of an article brought to their notice. For permanence, character and paying qualities, this list is unrivaled. This list includes all Magazines distributed to you.

<b>The List.</b>	<b>Country Herald.</b>	<b>Herald of Health.</b>	<b>Popular Health.</b>
American Garden.	Countryman.	London's Standard.	For Women's Wear.
Amber's Home.	Homeowner's Mag.	Magazine's.	Woolly's.
Art Journal.	Home.	Marriage Magazine.	St. Nicholas.
Baker's.	Homebody's Weekly.	Money.	St. Louis.
Boys of '90.	Home's.	Overland.	The Modern.
Country.	Harper's.	Person's.	The Standard.
		Plumtree House.	Wide Awake.

**THE RATE**

Five lines or over, \$12 per line (square), each insertion. Less than five lines, \$15 per line (square), each insertion. Only first-class advertisements accepted. All advertisements set in columns and measured in squares. Cuts inserted and forwarded without extra charge. A copy of each issue of the Magazine containing "Ad" will be sent to the advertiser. If you do not wish the entire list, select such as you want and send for an estimate. Prices given for any Magazine not on the list upon application. Always address,

**J. WALTER THOMPSON,**  
 33 Park Row, - - - New York.  
 Or the W. P. Hubbard Co., Special Representative, New Haven, Conn.

J. Walter Thompson house ad

However, in 1875 N. W. Ayer established an open contract system that changed the rules: he began to act on behalf of the advertiser rather than the press, seeking the best price for his customer. By the early 1900s, a stabilised commission rate was established, and in a resolution of the American Newspaper Publishers Association in 1893, commission was only to be paid to agencies. The actual rate was the subject of various upward and downward pressures in which the newly founded American Association of Advertising Agencies was active on their behalf. However 15% has been established for most of the 20th century for 'all media' with the exception of outdoor advertising.

Advertising agencies were therefore founded initially to connect 'advertisers' to the press and developed into organisations that derived commission from vendors of space, with an incentive to encourage 'advertisers' to use this space.

**Accounting and financial incentive are therefore the only basis for the historic definitions of advertising, as well as the structural concepts of the industry and its practitioners. Communication theory does not come into it.**

The marketing industry is further confused by the fact that the dominant marketing ideology of the second half of the 20th century was the concept of the 4Ps. The primary term for marketing communication was Promotions. However 'promotions' then became associated with exactly those activities that do not include 'advertising' (particularly after the advent of the 'above and below the line' concept, see below).

**Hence marketers are trained to think of a promotion-mix in which advertising is the highest spending element but is explicitly excluded from being a promotion element.<sup>19</sup>**

## Above and below the line

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Above and below the line referred to an accounting convention used amongst certain major advertisers. On the summary of marketing communication costs, the accountants drew a line in the financial accounting statement between media costs and agency fees. The brand 'did not pay' for its 'advertising communication' once the media had been paid for, because the media paid the agency through their commission. Hence advertising agencies were 'free' while agencies that needed separate payment, such as PR, needed a different accounting treatment and scrutiny.

Thus concepts about the efficacy of marketing communications derived from an industry structured on commission fees. The advertising agencies interests were served by encouraging clients to advertise more. Clients did not have to pay advertising agencies anything unless they came up with ideas they wanted to implement. Naturally, an advertising agency would not commonly promote something for which they would not get commission. Similarly, there was a disincentive to pay an agency to come up with ideas that might not be implemented. This is perhaps why there is still a recognised problem in the marketing communications industry of how to charge and pay for ideas.

**Advertising therefore became whatever activity pays the agency via media commission.**

This is why we have the definitions of advertising that we do, with secular definitions that tell us nothing, definitions that are then used in the training of generations of marketing communication professionals. This training does not just take place in university but is perpetuated in the structure of the industry. As Jerry Rhodes, author of *Conceptual Toolmaking, Expert Systems of the Mind* puts it, "...managers and knowledge workers do not realise how significant the words are that they use in forming the tools of their thinking... The nub of conceptual tool using and toolmaking is the language you use..."<sup>20</sup>

Geoff Lancaster captures the essence of the problem (although he does not mean to) when he says:

In a sense all marketing communication activity is a form of promotion, that in one way or another is attempting to promote the interest of the brand, product range and/or company. What differentiates 'above the line' activity from 'below the line activity' is a somewhat arbitrary division. There is no universally accepted definition of either. Below the line activity is loosely classed as non-media advertising. Basically if an advertisement is submitted to a publication and a commission is paid to the advertising agency to feature the piece then this is deemed to be 'above the line' communication. If no commission has been paid, for example in the case of a public relations press release, a trade exhibition or a sponsored sports event, this is referred to as 'below the line' activity. This distinction is accepted by most *and is the distinction adopted here*.<sup>21</sup>

Of course in adopting the distinction, the problem, if there is one, is perpetuated. We believe there is a problem.

## The essence of the problem

According to widespread usage therefore, when AOL (or Air Miles and other brands) decided to launch by mailing or doing a door drop to every home in the UK – that's over 20 million homes – that wouldn't be advertising because it doesn't use one of the 'mass media'. On the other hand if you buy space in the ladies' lavatories in clubs then you are 'advertising' because posters are using a mass medium! This is silly.

Perhaps you might think that it is only a convention and doesn't matter? Unfortunately, as Jerry Rhodes has already suggested, it does matter because it is a barrier to understanding how marketing communication works. The convention represents a powerful idea, the very stuff of marketing. Ideas are the means by which we know things. That is why marketers go to so much trouble to plant ideas in consumers. The ideas that currently organise marketing communications thinking are dysfunctional, muddled and a barrier to seeing the truth.

For the act of seeing anything is also an act of meaning-making, and the meaning making doesn't follow after the seeing but is part of the very seeing process itself. I do not see a tree and then conclude that it's a tree, I can see a tree because it means *tree* to me. It is only afterwards that I conceptualise and rationalise about this and say 'I see'. The idea organises the seeing.<sup>22</sup>

People who have been born blind or are blinded very early and later recover their sight have an horrific experience. The world is meaningless, flat, frightening. In fact it is just like the image that we have seen. The world is simply a mass of colour until we find a way to distinguish particular things within it, what psychologists call *gestalts*.<sup>23</sup>

Thus, human beings know the world through ideas and these ideas organise how they know the world. This is true in every branch of human experience. For example the history and philosophy of science is a description of how changing organising ideas changed our knowledge and beliefs about nature. Copernicus found no *evidence* that proved that the sun was in the centre of our system rather than the earth. He just believed it *ought* to be in the centre because of its magnificence, glory, light giving and life giving radiance.<sup>24</sup> In fact, what most impressed Galileo, who helped to establish the theory, was that Copernicus had developed a theory in very defiance of the senses.

So the Copernican revolution was a new idea<sup>25</sup> that led people to see the evidence differently rather than the reverse. This is not an isolated occurrence. It is commonplace, even in the history of science.

The most important of all organising ideas for marketers, at least at the moment, is the brand. On the one hand the brand serves the marketing community as a focus for our creative development, strategy, business organisation and so on. The reason why it is so effective in doing this is because the brand serves as an organising idea for consumers (and also customers, channel partners and so on).

**When someone sees an AOL or Body Shop product, the brand serves as an organising idea that fashions their attitudes. Even more potently, we can say that people see AOL products in an AOL way and they see Body Shop products in a Body Shop way.**

Marketers are no different. We also have learned to look at the world in a particular way through our concepts, and these concepts determine what we think we are seeing: in this case what we think an AOL 'direct mail pack' is.

## Advertising builds the AOL brand?

'Advertising', and here we mean the practice of buying space or time in mass media and placing image and copy in them, is strongly associated with brand building. Mike Berry states (in a 'Direct Marketing' book) that, "The history of advertising is the history of brand building."<sup>26</sup> This association identifies advertising (almost exclusively) with brand building. Remember for example Fills' claim for advertising's ability to influence audiences by informing or reminding them of the existence of the brand, or alternatively by persuading or helping them differentiate product or organisation from others in the market.

This is of course perfectly true, but what does it really tell us about advertising versus any of the other disciplines? They can all do this and they all do. Brand building is not the preserve of 'advertising'.

Furthermore, and fundamental to Integrated Marketing, the communication that is most important continues to be live, namely when customers meet the brand's people, products and services, the *body language of the brand*, in contrast to its ad language<sup>27</sup>. A key element in the genesis of Integrated Marketing and indeed every marketer is therefore recognising how *every* interaction with customers is a brand-defining moment of communication.

**This means explicitly that there is no such thing as a brand-building medium or discipline, if by the term it is meant that others are not brand building.**

There is an important difference between *brand building* and *brand defining*, the latter being a neutral term. Every communication helps to define the brand. That is one of the key principles of Integrated Marketing. Good communication is what builds the brand. Hence the exclusive link between 'advertising' and brand building is counter-productive. What is more important is to talk about how 'advertising' or any other communication tool contributes to building the brand.

In the case of the one billion CDs sent to consumers, every one of those communications is brand defining. Whether the communication ends up as a

collector's trophy, as trash or as an online experience, each delivered CD represents a consumer Touchpoint with the brand.



Furthermore, in other research projects by the Centre for Integrated Marketing, we noted that the most powerful medium is frequently not one of the conventional advertising media. For example, John Ingall, a partner in Archibald Ingall Stretton, commented in our study of SEEBOARD Energy, "Where you have a sense of humour in the mail and use it as advertising, it is probably one of the best brand building media that you can have, if you have the time and space to talk to people. But no one uses it".<sup>28</sup> In the case of SEEBOARD, he believed that, "Direct mail probably had the most impact in terms of changing people's attitudes, more than TV, and certainly had the highest recollection".

## The clash of disciplines

Our review of the history of advertising therefore concludes that there are highly muddled attitudes and the term 'advertising' as currently employed derives from a commission system not communication theory. Its practitioners therefore need to justify (only) their media spend. Since it is difficult to track the link between advertising expenditure and customer behaviour, because the data is frequently not there, a surrogate measurement is used, namely brand or ad awareness<sup>29</sup>.

This surrogate measure has become progressively embedded as the objective of choice by many advertisers and their agencies, although the link between awareness and purchase or loyalty is tenuous. For example, research by Millward Brown/WPP using the Brandz tool to research many thousands of brand/market combinations shows the variety of performance in converting awareness into bonded customers. Amazon for example does a better job than Barnes & Noble or any other brand in the category at creating bonded customers.<sup>30</sup> Since bonded customers are typically worth five or six times as much as baseline aware consumers, the translation through to Bonded status is vitally important to the brand's profitability and market share. Yet this is routinely not measured.

By contrast other disciplines such as direct marketing argue their strengths in opposition to these. As 'the accountable discipline' based on 'responses' direct marketing emphasized, especially in the 1980's, direct marketing had every reason to promote what it could do that others couldn't. What it could measure well was responses. What it was bad at measuring was attitudes.

Hence direct marketing became wedded to one objective response, and downplayed or actively denigrated others such as attitudinal effects.<sup>31</sup>

Disciplines and some practitioners therefore put themselves in antagonistic attitudes, attitudes that then become widely certified in theory and practice:

“Direct marketing produces results. We don’t expect attitudes and we don’t measure attitudes. Hence agencies neither have nor are expected to have planners. Use us when these are your objectives.” Direct marketers, or the direct parts of the marketing function, therefore spend money on immediate results, and the creative solutions that produce those are by definition the best. Hence DM’s historic interest in ‘50 tips for increasing response’, equivalent to the sales force’s ‘objection handling’. Direct marketers invest budgets, create communications and measure on a premise that is either hostile or apathetic to the emphasis of Advertising.

Their attitude is: “Advertising produces brand attitudes. We measure brand share of voice and awareness, not sales, and spend enough to achieve these goals, usually lots.” ‘Advertisers’ therefore invest in awareness in the belief that this translates into sales, despite an ongoing debate about the effectiveness of this translation.

Similar postures might be ascribed to the other disciplines/channels. These are of course caricatures of their stances, but like all good caricatures they are also recognisable. For confirmation, just look in the textbooks. Of course leading brands, agencies and practitioners don’t make these mistakes, but these are surprisingly few. When did you last measure attitudinal effect of a major direct marketing programme, for example, or even think that you needed to? The consequences of this include of course the junk mail plague that harms brands and the entertaining ad that sells nothing.

## The AOL communication cocktail

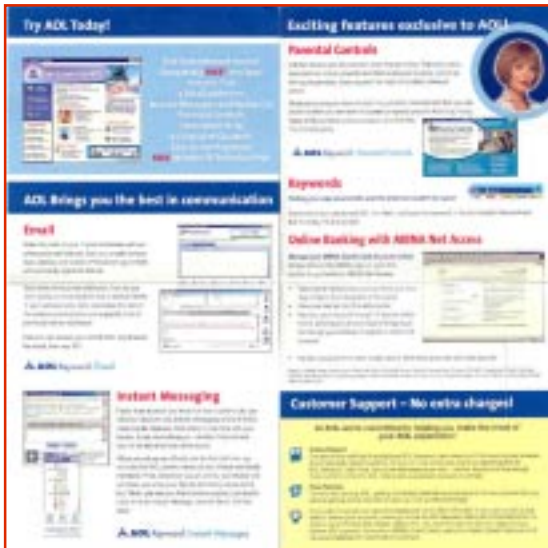
Let me return to AOL and introduce it with a challengingly ‘simple definition of direct marketing by Drayton Bird, a major direct marketing thinker: “Direct marketing is any advertising activity which creates and exploits a direct relationship between you and your prospect or customer as an individual.”<sup>32</sup>

This definition gives a new slant. It also paradoxically implies that the majority of direct mail packs are *not* direct marketing! Buying the electoral roll or list and mailing it does not yet constitute ‘creating a direct relationship’. So what are they? Advertising?

Let us try to cut through the confusion in two steps, first by looking closely at the pack using conventional associations to describe it. AOL’s use of mail media targeted to most homes in Britain and many other countries, in fact blends direct marketing, sales promotion, mass advertising, new media, affinity marketing, word of mouth and viral marketing elements, if not others. It is an extremely rich cocktail of marketing communication and draws (to varying degrees of success) on a wide variety of know-how.

AOL’s use of mail media blends direct marketing, sales promotion, mass advertising, new media, affinity marketing, word of mouth and viral marketing elements, if not others





Consider the elements of this communication concept:

1. It is an addressed communication delivered to an individual and therefore direct marketing.
2. It is mailed to the MBNA customer base, as an exclusive offer for MBNA account holders. It is therefore affinity marketing.
3. It includes the CD as a key element of the communication, and is therefore a new media communication.
4. It is designed as a drive to web communication, in which the Internet element is a key part of the total communication. The communication in the mail is simply the key to unlock the rest of the communication, and the most powerful elements happen once you get online. Therefore the communication concept is a two-step mutually interdependent Touchpoint with interactive as a vital element.
5. Drive to web in this case means something else: It means encouraging customers towards live experience of the brand's product/service. The total communication concept and its cost justification is built on the concept that the experience is what will reinforce the brand. That is why a trial element is built in.
6. A 0800-freephone helpline is provided so the total communication concept is indeed wider and includes telemarketing.
7. Since the online environment is equivalent to the traditional retailer, and the communication includes a sampling opportunity and a sales promotion voucher redeemable online (200 hours completely free trial), the communication can also with full justification be claimed by the sales promotion industry.
8. The communication draws attention to AOL as a provider of services, indeed as *So easy-to-use, no wonder we're the world's No 1*, and therefore on the basis of, for example, Fills' definition above it performs the same task as advertising. Certainly, at least as many and probably more people will be aware of AOL as a result of mail media as they will from say television.
9. The cost justification for this communication includes the impact of those who sign up. Seven e-mail addresses are provided as standard, which means that in the majority of cases a number of family individuals will begin communicating to others using an AOL e-mail address, as well as forwarding content. Built into the communication is therefore an inherent member get member concept.

Thus the AOL communication points to another feature of integrated communication: multiple communication concepts may be integrated within a single Touchpoint or communication event in any medium.

We are not for the moment arguing whether the AOL communication is well or badly executed: simply that it represents a communication cocktail that does not fit into neat communication disciplines definitions. Nor is there any reason why it should.

Indeed, when AOL and other marketers take on board the cocktail of communication methodology and redesign both planning and evaluation criteria to match, their packs (would) get creatively better, save them money and produce better wide-angle results. Consumers like it too.

Communication is changing and needs more grown up and holistic ways of looking at it and new concepts. In our examination of communications, the distinction between what is being done in sales promotion and direct marketing or PR or advertising is often unclear. Thus the AOL phenomenon is far from unique. Product placement PR can act like direct response advertising. Advertising and PR are getting together in television sponsorship and specially created programmes. In-store sales promotion and supermarket shelf display, are seen as the new mass advertising medium. Interactive marketing is juggling with many balls beyond its historic connections to direct marketing and thus acting as a general stimulus. This we see as an asset, not a problem.

It is the view that is shared by many others, including most of the senior marketers that we have interviewed during 2002. Schultz and Schultz make the point strongly when they say:

It is no longer relevant to think of such independent disciplines as advertising or public relations or sales promotion or even 'above the line' and below the line' activities. Nor is it appropriate to limit the responsibility of marketing communication solely to traditional outbound channels of communication. Those are old concepts and old issues. Ones which do not and cannot fit the needs of the twenty-first century organization nor twenty-first century customers, consumers or prospects. They do not fit because they were developed for a market-place which no longer exists. They were developed for organizations that no longer drive businesses. They were developed for media systems which are no longer dominant. They were developed for management which is no longer in place.<sup>33</sup>

## A new model of communications

This potentially leaves us challenged. If a serious inquiry into a single mail pack leads to such complexity, ambiguity and confusion, then something serious is wrong. The conventional answer is just to get on with it and agree on a convention. We suggest that this continues to perpetuate the problem, one that sooner or later will need revolution. Why not now?

During 2002, the centre for integrated marketing has undertaken a variety of different research projects, interviewed many leading practitioners and is publishing over a dozen case studies. Our research suggests that there are many people actively thinking about new models of marketing communication. The

quotation above from Schultz and Schultz is one of many that suggest that it is time to rethink. We would like to make a contribution to this.

First, let us summarise some key findings from the research, for each of which we have one or more supportive case studies and research findings:

1. Communication to customers does not have the divisions for them that they have for us, the professionals. They do not evaluate communication by our different criteria, such as ads by emotional attitude and direct mail by response. It is true that they may have an emotional response to the one and make a sales response to the other, but this does not mean that they compartmentalise their experience. Their response is also holistic: thinking, feeling and intention plays in each time, even if it only amounts to a dismissal of the communication.
2. A wide number of leading thinkers disagree with standard practice today, even practice they themselves use and manage. In our interviews with senior practitioners, when we have asked whether they consider that it is the mere inclusion within a 'paid for medium' like the press that makes a communication 'advertising', the routine answer is that this is nonsense. When we asked whether direct marketing only needed to be evaluated on its response they disagreed. When we queried whether 'awareness' was the real benchmark for advertising performance, they agreed that it was not.
3. Most leading thinkers today presume as standard that all communication events affect the brand perception and attitudes, including sales promotion and direct marketing, and especially personal selling, service and live or reality media such as product design and function.
4. Communication is an holistic discipline: all communication is brand defining and it makes no sense to talk about brand building versus non-brand-building disciplines or media; there are also common elements that cut across all communication; therefore people in the marketing department need an holistic education and an opportunity to be exposed to different skills.
5. Training in integrated marketing communications in both practitioner-side workshops run by marketing institutes and university training routinely begin by describing the importance of integrated marketing communications and then go on to describe how it is done through a series of communication silos, i.e. the five traditional disciplines. There is therefore a widespread recognition of the need for new model but a gap in its delivery.
6. The benchmark for thinking about marketing communications is today is as likely to be Touchpoints as media. A task force of senior marketers sponsored by the Chartered Institute of Marketing researching media neutral planning with which we are involved has made the following preliminary findings:
  - Media convey messages/meaning. (Anything doing that is a medium).
  - Touchpoints are the interface between the customer and the brand.
  - Moments of truth are the critical touch points.
  - Where there is a Touchpoint there is a medium and a customer/prospect.
  - Media range from *reality media* (e.g. product) to *fantasy media* (e.g. TV).
7. UK communication departments replicate those worldwide: they are routinely organised into the disciplines to operate as silos in a frequently futile attempt to create an holistic, harmonious and integrated effect on customers. Not

surprisingly under the circumstances, it is widely agreed that there is a real shortage of good skills, especially creative, multilingual skills: people who really understand media and marcoms rather than shibboleths and prejudices.

8. Each of these silos buys communication services from agencies that are routinely designed to meet their apparent needs and often to protect vested interests.
9. It is commonly agreed that selecting media effectively requires the inclusion of the creative ingredient: as we saw with AOL, how the medium is used makes an enormous difference. Yet the gap between creatives and media planning is widening.

Under the circumstances, we question the evaluation criteria commonly ascribed to and used in marketing communications and taught in universities. And we question the definitions of the communication disciplines. Individual communications can clearly draw on multiple disciplines, as we have noted with AOL, while communication programmes can obviously use multiple disciplines and media. Our research into integrated marketing suggests that there are therefore significant opportunities for fresh thinking. I should like to highlight just a few of these.

## New thinking on communications

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Firstly, we believe it is time to break out of the artificial barriers that were designed to promote the individual communication disciplines in competition with each other.

As we have noted, some of these divisions arise out of accidents of accounting and commission, like the concept of above and below the line, while others are the consequence of marketers looking for strong points to make about their methods in contrast to others. The value of, say, Direct Marketing as an accountable medium should not blind us to its emotional impact on attitudes, positively or negatively as the case may be. Thus we welcome investment by the Royal Mail media centre with industry partners to understand the new principles for creativity in mail media.

In breaking out of these artificial barriers we would be returning to David Ogilvy and other early leaders who had no such mental barriers. In his well-known book, *Ogilvy On Advertising*, he uses the term 'direct-mail advertisers' and routinely describes his work as advertising irrespective of the medium or method.

The word advertising is the most problematic, because it is the most geared. It is widely recognised, including by consumers. It currently commands the largest budgets. And its agencies currently still hold the high ground in client relationships. We do not have an in principle or a priori attitude to its maintenance or rejection, for example in favour of the term marcoms. All marketing communication could be called advertising is far as we are concerned or none of it. Publicity is a term that is widely used as a broader and more neutral concept.

**What matters is that we have a concept of marketing communication that recognises what unites the disciplines with differentiation rather than division, along with non-discriminatory language.**

Below, we suggest an alternative model.

In support of this, we will have to design and learn how to use more holistic planning and evaluation criteria. I emphasise first of all the evaluation criteria, because these drive planning. We execute what will be measured.

There are many serious minds involved with this question, not least the CIM's media neutral planning group. Here, there is a consensus for the need for a media neutral, discipline neutral common currency for scoring communications and media so that they can be more effectively planned and weighted.

We do not have a final solution to this today. John F. Kennedy did not know how to get to the moon and nor did his scientific advisers when they announced they would. What mattered was the decision and commitment, and it all followed. However, there are already grounds for believing that this can be done, and there are serious parties engaged in the process as well as useful interim and developing solutions.

## New thinking on media

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Secondly, it is time to rethink the media categories so that we can more effectively blend them in new cocktails. Or to use a different metaphor, we see the media as colours on the communicators palette, colours that can be used in isolation, or can be combined to make a more complex picture.

Leading agency HHCL propose a change of advertising language from *impact* to *dialogue*, from *poster advertising* to *street dialogue*, from *direct mail* and *radio* to *kitchen dialogue*, from customer base to customer community with more than a 30 seconds dialogue but a series of ongoing experiences.

John Grant, co-founder of St Luke's agency, in his book *after image* provides an exciting prescription, at least for stimulating thinking about the media and what they do. His seven media are: *Knowledge media*, *Reality media*, *Dialogue media*, *Memetic<sup>34</sup> media*, *Community media*, *Story media* and *Reputation media*. These tell a much more interesting story about their value as well as opening up insights about how they can be blended.

## New thinking on structure

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What follows from the need to think differently about communication is that we need both marketing departments and agencies to be structured in new models. In other case studies that we are publishing, we indicate that the better model is based on customer types rather than communication types<sup>35</sup>. Each customer type requires a range of communication and those responsible for managing relationships with them need the skills that enable them to choose from the available palette of communication possibilities.

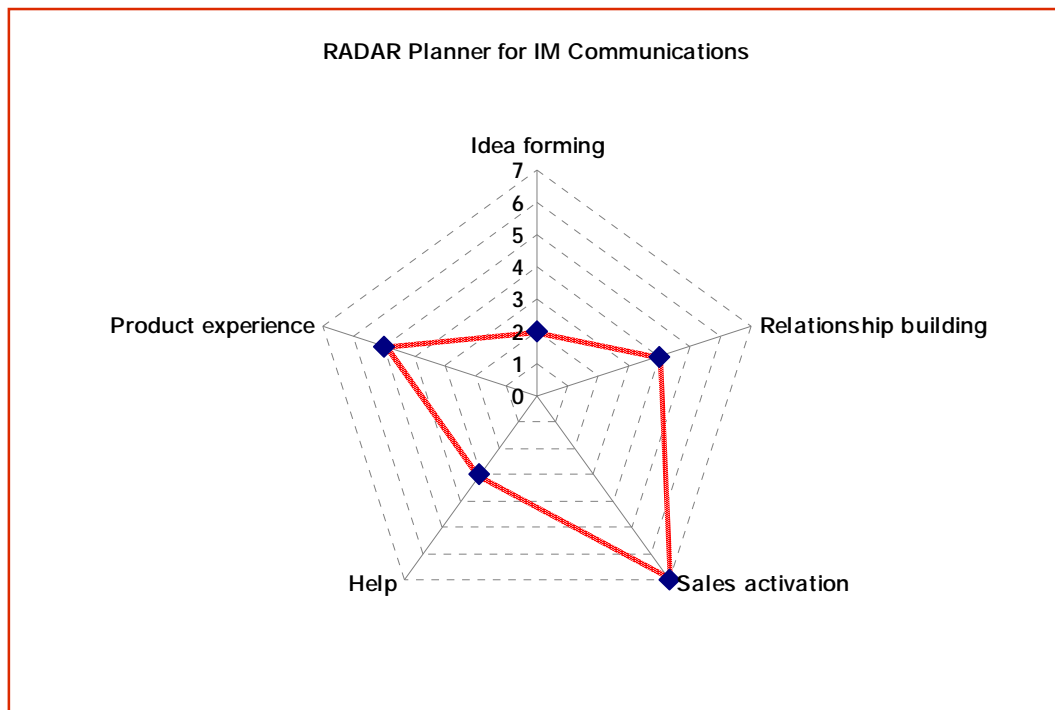
## RADAR: a new communications tool

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What is the alternative to the traditional disciplines as the primary tools or concepts for integrated marketing communications training, planning and evaluation? At this stage we believe that the most fruitful process for the industry

is to begin from ground zero, look at reality, and in particular reality from the perspective of the customer, and describe it in new creative ways. If our industry can't do that with our creativity, who can?

We offer the following model as an input to dialogue. The chart illustrates its application to the AOL communication. We believe that it is useful in planning, briefing and evaluation.



**AOL RADAR Planner**  
 RADAR is an Integrated Marketing Communications Tool. These five elements are present in every marketing communication to varying levels of intensity or significance. The AOL communication emphasises sales activation, aiming to get product trial, and also includes some relationship building and help. It pays limited attention to the brand promise, assuming that is understood. A possible area for improvement?

Our model proposes that each and every marketing communication contains a blend of five elements that can be related to the experience of the customer. However the significance or intensity of each element varies. These elements are:

1. Idea forming: generating ideas in the consumer or client mind, such as the brand promise, a value proposition or brand values.
2. Relationship building: building a relationship, including affinity, emotional bonding, brand know how or expertise, and database and/or personal knowledge about the customer.
3. Sales activation: stimulating the customer towards further investigation, trial or purchase.
4. Help: providing service and assistance to the customer in relationship to their needs and wants; from informing the customer about availability of new technology/product to consultancy in the purchase process, in use status reporting, or resolution of a post purchase problem.
5. Product experience: using and interacting with the brand's deliverables, including store and web site design, product availability, information such as a bank statement, value or pleasure in use

We suggest that this tool could be useful in the following ways:

1. Every single current agency working with marketing departments could provide solutions that affect all these five dimensions. These include PR and research companies. Therefore it can be put into practice.
2. Every single medium is capable of contributing to these five objectives in different combinations according to customer circumstance and creative use.



3. It makes much more explicit in a communication programme and briefing process what is actually required than specifying advertising, direct marketing or public relations.
4. It therefore makes it much easier to engage in discussion and debate about what the real marketing communication objectives should be and how they will contribute to brand and customer equity.
5. It is easy to translate into a research instrument for evaluation and therefore into planning tools.

## Executive takeaway

The learning from this paper suggests the following actions for senior marketing executives:

1. Look at the reality of what you do and not the assumptions and you may find that you change your assumptions and thus your future Reality.
2. Organise the marketing function to focus on customer communities according to their needs, not by marketing communication disciplines.
3. Since communication is an holistic discipline, all communication is brand defining and it makes no sense to talk about brand building versus non-brand-building disciplines or media. There are also common elements that cut across all communication. Therefore people in the marketing department need an holistic education and an opportunity to be exposed to different skills. Try thinking about how you communicate in new ways.
4. Practice genuine partnership between clients and agencies and agency teams, building trust and understanding, both powerful principles of integration; the politics of power and conflict are a hindrance
5. Media neutral thinking linking CRM and IMC is crucial to good Integrated practice

## Notes

Want to find more AOL CDs? Try these collectors.

<http://staff.jccc.net/lcline/disks.htm>

<http://www.angelfire.com/my/aolcollection/index.html>

Centre for Integrated Marketing publications in the reference list can be downloaded from [www.IntegratedMarketing.org.uk](http://www.IntegratedMarketing.org.uk)

- <sup>1</sup> Mike Berry, *The New Integrated Direct Marketing*, Gower, 1998.
- <sup>2</sup> Angus Jenkinson, Integrated Marketing, radical ideas for new a new vision, inaugural lecture for the launch of the Centre for Integrated Marketing, 2002.
- <sup>3</sup> Ludwig Wittgenstein, *Philosophical Investigations*, translated Anscombe, 2002.
- <sup>4</sup> Advertising Media: a Changing Marketplace in *The Advertising Business* edited by John Philip Jones, Sage Publications, 1999.
- <sup>5</sup> She still manages to miss a few old and new media such as planes trailing banners or smoke signals, hot air balloons and one of the more recent ideas, the commissioned novel with product placement
- <sup>6</sup> *Superbrands*, Editor Angela Humphrey, Superbrands Ltd, 2001.
- <sup>7</sup> See *Principles of Marketing*, Philip Kotler, Gary Armstrong, John Saunders, and Veronica Wong. Financial Times/Prentice Hall, third European edition, 2001.
- <sup>8</sup> David Pickton and Amanda Broderick, *Integrated Marketing Communications*, Financial Times/Prentice Hall, 2001

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- <sup>9</sup> Chris Fill, *Marketing Communications Contexts, Strategies and Applications*, Financial Times, Prentice Hall, 2002.
- <sup>10</sup> Fill, 2002, p 486
- <sup>11</sup> D.E. Schultz, "What Is Direct Marketing," *Journal of Direct Marketing* 9(2)" (1995), 5-9
- <sup>12</sup> <http://www.adassoc.org.uk/gial/genintro.html>
- <sup>13</sup> S Chodorow, M Knox, S. Schirokauer, J Strayer, H. Gatzke, *The Mainstream of Civilization*, Harcourt Brace Jovanovich, 1989
- <sup>14</sup> D.G.B. Jones and E.H. Shaw, a History of Marketing Thought, in the Handbook of Marketing, ed. B Wertz and R Wensley.
- <sup>15</sup> See references in The Shorter Oxford English Dictionary.
- <sup>16</sup> <http://www.asaori.co.jp/english/orikomi/history.html>
- <sup>17</sup> See references in The Shorter Oxford English Dictionary.
- <sup>18</sup> *Advertising Agency Compensation Systems*, Rana S. Said in *The Advertising Business* edited by John Philip Jones, Sage Publications, 1999
- <sup>19</sup> See any of the textbooks referenced above.
- <sup>20</sup> Jerry Rhodes, *Conceptual Toolmaking, Expert Systems of the Mind*, Blackwell 1991.
- <sup>21</sup> Geoff Lancaster, [www.marketingmasters.co.uk](http://www.marketingmasters.co.uk)
- <sup>22</sup> Henri Bortoft, *The Wholeness of Nature*, Floris Books 1996 and Ludwig Wittgenstein, *Philosophical Investigations*.
- <sup>23</sup> M. Von Senden, *Space and Sight*, London, Methven, 1960.
- <sup>24</sup> Henri Bortoft, 1996
- <sup>25</sup> Strictly speaking, it was an old idea rediscovered
- <sup>26</sup> Mike Berry, *The New Integrated Direct Marketing*, Gower, 1998
- <sup>27</sup> Angus Jenkinson, *Valuing Your Customers*, McGraw Hill, 1995
- <sup>28</sup> E.g. SEEBOARD Energy, Integrated Marketing transforms the brand fortunes, CFIM 2003
- <sup>29</sup> D.E. Schultz, "What Is Direct Marketing," *Journal of Direct Marketing* 9(2)" (1995), 5-9
- <sup>30</sup> Millward Brown, Brandz, 2001.
- <sup>31</sup> JW quote – tba
- <sup>32</sup> Drayton Brid, *CommonSense Direct Marketing*, Kogan Page, 1989.
- <sup>33</sup> Don E. Schultz and Heid F. Schultz, *Transitioning marketing communication into the twenty-first century*, *Journal of Marketing Communications* 4 9–26 (1998).
- <sup>34</sup> Based on the concept of memes in Richard Dawkins, *The Selfish Gene*, 1976
- <sup>35</sup> See for example our case study on IBM, *IBM: redesigning the communications function*; also Angus Jenkinson, *Integrated Marketing: radical ideas for a new vision* published by the Centre for Integrated Marketing.