

MARKETING

EXPERIENCING THE LOVE:

EXPERIENTIAL MARKETING CAN WIN THE HEART OF YOUR CMO AND BRING BLISS TO YOUR BOTTOM LINE

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I love experiential marketing. But emotion really has nothing to do with it. It comes down to strong marketing impact and ROI that both your chief marketing officer and your chief financial officer can endorse, and yes, eventually love.

One reason CMOs can love experiential marketing is its ability to have a dramatic impact on brand health and even sales. According to IMI ConsumerTrack research, more than half of Canadian consumers state that experiential marketing has the greatest impact on switching their purchase habits, ranking ahead of other tactics like TV ads they like, and instant-win promotions and sponsorships they care about. This result has been consistent around the globe for over 15 years, wherever it's been measured.

Program measurement and optimization is a key focus for our firm. For all activation tactics, we isolate the impact on equity build and purchase and measure all activation tactics using the same ruler and we have built a database to compare effectiveness across different tactics.

Not surprisingly, our research shows that traditional mass marketing campaigns reach a large number of target consumers when compared to experiential campaigns that typically reach fewer consumers viewing or visiting a brand experience campaign at an event.

However, experiential marketing's dramatic impact on brands only becomes apparent when you delve deeper. It has stronger "conversion rates" all the way down the behavioural hierarchy because of its interactive nature, which allows brand benefits to be demonstrated live. More target consumers go from exposure to recalling the experience to thinking differently about the brand, which elicits greater gains on both attitudes and purchase behaviour compared to consumers who have been exposed to mass marketing campaigns.



Over the years, IMI has collected hundreds of case studies that illustrate this same point. The following examples show some of the dramatic benefits we have witnessed in measuring experiential marketing programs:

- In the beverage category, residual brand gains from an experiential marketing event exhibited a “lifetime value” beyond 12 months post-event
- A beauty brand’s campaign impacted brand selection criteria, and the new priorities resulted in the purchase of more high-margin brands
- Consumers exposed to one snack brand purchased more of its line extension products, illustrating a powerful halo effect
- A tech brand’s experiential initiative stimulated more consumers to share the brand’s message to more people, versus a mass marketing campaign being aired at the same time.

Returns like that should keep most CMOs very happy.

But, even if the brand gains from experiential marketing can make your CMO happy, there is still a big challenge to justify the marketing spend to your CFO. Here are some typical strategies I’ve been asked about in the past:

- Can I use impressions, or cost per thousand reached (CPM)?
- Can I use unique visits, participation or web clicks?

The quick answer to both questions is no. While reach or click metrics are a good starting point, marketers need to consider the quality of exposure against the investment made. To convince a CFO, it’s important to isolate three things:

- Impact on changes to brand image, increasing long-term brand equity and value
- Impact on incremental purchasing due to the program
- The money spent to acquire these benefits

We use one key metric to sum up impact, efficiency and ROI of any brand activation campaign: Dollars per impacted consumer.

To illustrate this, I’ll use a case study where we compared the impact and cost effectiveness of two successful campaigns within the beverage category: One brand activation was a traditional mass marketed loyalty campaign using TV, in-store signage and a website. The other brand activation was an experiential campaign using grassroots sponsorship and sampling at events across Canada.

Using the traditional approach of cost per thousand (CPM), the mass campaign reached 50 times more target consumers, and its CPM was eight times more efficient than the experiential campaign.

But reach and CPM are only the starting point. A more detailed analysis indicates that the experiential campaign resulted in a higher quality of spend from the greater proportion of “impacted consumers.” We included both the direct and indirect benefits to brand health and sales directly attributable to the campaigns: longer term sales, higher margin brand purchasing and word-of-mouth impact. The cost effectiveness of the experiential campaign becomes equivalent to the mass marketing campaign on a spend per impacted consumer basis. Those are results even a CFO could love.

And with that in mind, here are some recommendations to make experiential marketing an essential part of your marketing plan:

First, ensure that you can isolate the impact that your program drives on change in attitudes and purchase, both within and beyond the activation itself.

Next, ensure you use comparable metrics that are not based solely on reach, but measure the quality of that reach, and let it serve as a standardized measurement for all marketing campaigns.

And, if you are serious about getting both your CMO and CFO to love your experiential marketing campaign, measure to prove its benefits and learn how to maximize its potential as a key tactic within your marketing mix.

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