BRAINFOOD INNOVATIONS FROM THE CONVERGENCE OF BUSINESS, MARKETING AND CREATIVE STRATEGIES WITH LEADING TECHNOLOGY

Automated Dialogical Marketing

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AUTOMATED DIALOGICAL MARKETING MICRO CONVERSATIONS

THE FUTURE OF MARKETING

There are a number of elements that are key to successful marketing in today's rapidly changing, dynamic, multimedia, multiplatform, fragmented audience world: brand and positioning, Neuromarketology™, comprehensive market research, objective, strategic thinking, technology and a leading-edge methodology to harness the strategy and technology.

These are the pillars upon which smart modern marketers can build effective, accountable marketing campaigns to meet today's new and rapidly evolving challenges to deliver sales results, brand growth and return on investment. Understanding and successfully applying these concepts to your organization, guided by an intelligent marketing strategy, can bring you the return on investment from your marketing investments that the industry leaders achieve.

What other forces are already driving the *future* of marketing? What new opportunities are becoming available right now and in the future? In a sentence, more channels, more fragmentation and more opportunity for the smart marketer who knows how to parse and free your actionable data. This can be accomplished by harnessing the new technology and incorporating the tried-and-true laws of marketing with innovative strategies.

KEY TO GREAT MARKETING: LISTEN

Not surprising, regardless of all the developments, the No. 1 rule of thumb for marketing will continue to be: Anticipate and react to what the customer wants. Be more relevant to your targets than your competition is.

Going forward, as we've seen, there will continue to be more and more choices for engaging the customer with marketing relevancy. While the ever-exploding number of marketing channels offers new opportunities, these multiplying media channels require far more personalized communications (aka, Dynamic or One to One Marketing) to help the consumer sort through the deluge of marketing messaging. This continued progression of marketing channels will also make delivering the right message to the right person at the right time in the right place even more critical and challenging, unless you have the methodology and technology to *automate* the process of dynamic one to one marketing versus conventional one to many marketing.

STRATEGY MEETS TECHNOLOGY

The future opportunities lie in combining strategic thinking and advancing technology. This allows those firms that have the resources to deploy that technology to implement true end-to-end, dynamic marketing systems that can reliably deliver on the promise of the right message to the right person at the right time in the right place. Advancing technology and the ability to optimize and automate marketing communications



processes is the topic of this paper. First, we need to understand the global trends that will make state-of-the-art marketing technology the key issue for marketing success and continued growth in the future.

"The evolution from mass to micromarketing is a fundamental change."

- Business Week

"The advertising industry is going through one of the most disorienting periods in its history."

- Economist.com

"The driver for demand going forward is all about products that are 'right for me."

- Interbrand

Today's customers—both business and consumer—are demanding that marketers and manufacturers meet their personal needs and specifications. Several decades of consumer-tailored advertising and a long line of significant cultural shifts have led to markets in which everyone wants to be treated as an individual, with solutions (products or services) personalized for their specific situation. Micromarketing is the term used to describe customizing products and marketing campaigns specifically for individuals in the target audience.

THE LONG TAIL

Segmentation is the basic methodology we use to do it systematically. Micromarketing requires a higher level of understanding and knowledge about customers and prospects.

The rise of micromarketing has also come about as a response to the double-edged sword of the decreased effectiveness and rising cost of traditional, mostly TV and print-based mass marketing.

The trend toward a highly individualized and personalized marketplace was identified as The Long Tail in Chris Anderson's 2006 book of the same name. A group of researchers (Erik Brynjolfsson, Yu Hu, and Michael D. Smith) first used a "Long Tail" graph to describe the relationship between Amazon.com sales and Amazon sales ranking. They discovered the largest proportion of Amazon.com's book sales come from obscure books that are not available in brick-and-mortar bookstores. This turns the old 80/20 rule of thumb on its head when the total sales profit of the 80% of less popular items exceeds the total sales profit of the 20% top-selling products. Where we used to concentrate marketing resources on that 20% of best-selling items because it represented greater profit potential, the advent of the Internet and its ability to inexpensively offer vast choice to the buying public means that The Long Tail—the 80% of slower-selling items—can now be a potentially larger source of profit for sellers.

As an example, Amazon offers books that are on the New York Times list of today's bestsellers, as well as copies of books that may have been out of print for 40 years or more and very specialized new technical books with small audiences. Previously, the 80/20 rule would have told Amazon to focus their efforts and resources on selling more of the bestsellers. Today, with millions of book lovers going online all over the world to find out-ofprint and obscure titles, assisted by search engines and aggregator websites, total profit from the sale of these books is actually higher than the profit from the sale of typically deeply discounted, warehoused and shelved brick-and-mortar-found bestsellers. That's why some refer to The Long Tail phenomenon as "selling more of less." Indeed, one Amazon executive, quoted on Wired. com, described the effect as: "We sold more books today that didn't sell at all yesterday than we sold today of all the books that did sell yesterday."



The Long Tail online business model has potential for many marketers. The distribution and sales channel opportunities created by the connectivity of the Internet and increased bandwidth capacity often enable businesses to tap into that marketing model successfully. The Long Tail concept can be used to understand that the primary value of the Internet to consumers and businesses comes from releasing new sources of value and revenue by providing access to lower demand products.

The key factor that determines whether a particular sales distribution has a Long Tail is the cost of inventory storage and distribution. If inventory storage and distribution costs are insignificant, it becomes economically viable to sell relatively unpopular products. If storage and distribution costs are high, only the most popular products can be sold. An MIT Sloan Management Review article, titled, "From Niches to Riches: Anatomy of The Long Tail," examines The Long Tail from the demand side and the supply side and identifies key drivers. For the supply side, the authors point out how e-tailers' expanded, centralized warehousing allows for more product offerings and makes it possible for them to profitably cater to more diverse tastes. For the demand side, tools such as search engines, aggregator sites and sampling tools allow customers to easily find and buy products outside their geographic area.

And all of these big, recent trends in customer/prospect behavior, expectations and communication platforms that drive the trend toward micromarketing:

 The more personally and intimately marketing communications can be customized for each recipient, the more effective and persuasive they will be. Accomplishing this requires specific methodology to enable precise, narrow segmentation of target audiences and the ability to deliver individualized communications efficiently.

- Even as much as the environment has changed in the last several years, successful marketing still comes down to a core ability to communicate and connect with prospects and customers by reaching:
- A. The Right Audience, with
- B. The Right Delivery Channel, with
- C. The Right Message, with
- D. The Right Timing.

All of which requires a keen mastery of technological horsepower and best-practice marketing experience. It also requires complex, multivariable database analysis accomplished dynamically with what the data gurus refer to as "data deep diving." Huge amounts of data need sophisticated software, powered by extraordinary computing capability and experts experienced in mathematics, programming, and IT, as well as comprehensive strategic thinking. This technology was not affordably available to marketers even just a couple of years ago. Today, it is still demanding in terms of the budget for those that try to reinvent the wheel and the cross-disciplined expertise that is required to deploy it.

MUCH MORE THAN A BUZZWORD

My experience, right up to the week I am writing this, is that many professionals in marketing are not fully aware of these latest developments in marketing-related technology and efficiency. Many who say they are familiar with the state-of-the-art in this area, don't fully get it, thinking that this technology breakthrough is simply a new face and a few hot buzzwords pasted on long-existing computing capabilities. A batch email to a subgroup of your mailing list is not what we're talking about and will not get the job done. Therefore, I want to start this discussion of leading-edge marketing technology by laying the foundation for a fuller understanding of what is available to marketers today.



Perhaps the most common name given to the new marketing technology tools available today is "marketing automation," which some refer to as "dialogue marketing." Even that term is not truly expressive of the type of dynamic, end-to-end, cross-media, cross-platform, one to one, micromarketing integrated system that delivers the phenomenal promise of true automated marketing. However, looking back at that 14-word, multi-comma, multi-hyphen description in the previous sentence, maybe we should just call it "dynamic marketing automation," for the sake of brevity.

When we say end-to-end system, we are describing a single, efficient workflow delivering a uniquely segmented dialogue with target audiences from planning, to creative execution, through implementation and finally, the measurement of results in real time. This system encompasses both marketing management (budgeting, planning, creative/production development, and digital asset creation and management, tracking and reporting results in real time, and so forth) and customer/prospect engagement across a wide range of marketing channels (traditional media as well as website, email, PURLs, mobile, social and many more anything that displays/transmits digital information). It's a single integrated system leveraging your siloed data. customers' behaviors and interactions while improving efficiency and control of:

- Marketing personalization, customization and timing, including communications triggered by a customer/prospect's own activity or other defined environmental events (dynamic segmentation).
- Measurement—reactive, real-time dynamic dashboards aggregating the results and interactions of all of your siloed marketing programs and disconnected suppliers/initiatives.

- Accountability—transparency created by tracking each and every leg of a campaign's costs and output in real time.
- Optimized targeting—allows for automated, self-selected segmentation capability not previously possible with conventional one to many advertising messages. Due to the method of assembling intelligence into the advertising/ prospect interactions (now being referred to as transactional, trigger, or dialogue marketing) and the ability to instantly share that information with prebuilt, customized-to-individual-target responses, the targeting (subgroup selections for down-line processing) becomes refined by the customer's own responses to the initial touch.
- **Communication**—because of the ability to granularly target segment and the ability to instantaneously draw from a pre-defined set of templates, triggered by a database of if/then protocols, the relevancy of the marketing can be enthralling to the recipients of the message. For instance, in the one to many method of marketing, one might craft a message "for better health ... try this," or perhaps segment a blind mailing to target those that are interested in a particular type of better health, all the while eliminating those targets who are not interested precisely in the selected item or any of the selected messaging. With the ability to replace copy, imagery and calls to action dynamically within each message, based on the prospects' hierarchy of needs in real time, online or offline, the communication becomes a dialogue of relevancy with that particular target versus a one to many message that requires a good amount of blind luck to be relevant to all but the average of a 2% return. For example, rather than sending a one to many message with three different offers to try to appeal to the broadest range of recipients



on your list, you can send each individual on the list a one to one message containing the one offer that is most appealing to each individual, based on their prior activity or stage in the marketing cycle. This individualized, personal relevancy is the key to increased response and purchase.

• Delivery—of the message is dynamically chosen by the behavior of the prospect or customer. If the target reacted first to an online message by responding online, then the corresponding marketing would be continued online unless the target chooses a mix of communications through multiple touch points. If they do, then we serve it up to them in that way. Conversely, if the message that elicited their response reached them via text or smartphone messaging, then you can respond back to them by the same channel (and this would apply to print and offline responses as well).

Remember, it is not so much about merely publishing to your customer; it is more about creating a dialogue with your customer. With marketing's newfound capability, we no longer must send a series of offers to the customer and hope that one motivates them to buy. We can now efficiently, and with consistency, send a specific offer to each customer that we are confident will be personally relevant to them, based on their previous interactions with your company and others and/or the real-time interactions with your promotions.

Creating hyper-relevance in each and every prospect/ customer interaction answers the key question for them: "Is this product or service right for me?" Hyperrelevance results in more respondents, and that translates to:

- More efficient marketing—lower costs
- More effective marketing—improved results
- More customers

- More repeat-purchase customers
- More revenue
- More profit
- More marketing budget
- Improved control and planning

At the risk of repeating myself, this is truly a breakthrough in our capability as marketers to dynamically create, dynamically distribute, control and measure in real time the return of marketing and advertising campaigns. It's better, more effective marketing, created with less reliance on human follow-through and more resonance with your targets, and tracked in the same finite, precise manner you expect in every other part of your organization.

How much do I believe that this is the vision of the future when it comes to marketing success, return on investment and, ultimately, survival? Recently, I invested 50% of our company's worth in this technology.

We have had two banner years in growth back to back, the best of our 20 years in business. Our clients' campaigns results speak for themselves and it is hard to keep superior returns a secret.

Throughout my career, I have successfully pursued a strategy of differentiating our company and creating competitive advantage by being the first to exploit technology innovations and then adding market share because we became known as the most experienced (best) in the emerging field. Time after time, we have created superior returns by investing to offer a higher quality and more efficient methodology by staying on the leading edge of technology, ahead of the pack. By the time the pack catches up, we are on to the next extension of that technology. By investing to become a leader in marketing automation technology and, specifically, the strategic and content development specialists and implementation experts for dynamic



marketing cross-channel, we believe we have positioned our firm for years to come. A handful of other innovative agencies in the U.S. and internationally can also deploy this technology to similar effect.

But be cautious of those who claim to have this capability but do not. There are many of them out in the marketplace. The objective is to map your brand attributes onto each of your potential segments and then provide the content and platform to present those if/then variables to achieve a deeper resonance with the prospect than your competitors do. Automated email is not what we are discussing here. Buying a database software solution to use as a CRM does not unlock those returns without the thinking and content development and brand mapping. We are discussing dynamic database marketing across all channels, with a centralized, aggregated, real-time intelligence that takes all previous and real-time interactions into account and disseminates a personally relevant message to each recipient in real time, with automation, across all the communication channels without bearing the traditional costs associated with custom creation of each and every interaction with the prospect.

With this thinking and process in place, we can ensure our stakeholders better and more efficient marketing communications and campaign management across all the channels and platforms with which we're confronted today.

This new technology and the wisdom resulting from decades of experience deploying campaigns under the old technology platforms, plus the last few years of testing, investing and configuring have given some businesses the capability to synchronize data in real-time between sales, marketing, customer service and, as necessary, other departments throughout the organization to create more audience-relevant content:

communications, presentations, sales tools, promotional materials and advertising. This new methodology, with its ability to provide real-time aggregated reporting across every piece in your marketing funnel, provides marketing decision-makers with the ability to make better decisions, creating more flexibility and faster response to changes in market conditions. We can further increase the measurable effectiveness and efficiency of campaigns throughout the entire sales and customer life cycle.

Let's take a look at the benefit of that synchronicity how advancing technology can help neutralize the challenges of today's rapidly evolving markets.

CONSIDERATION PHASE

"Google Generation"

Customers are taking control of the consideration phase with self discovery research. New opportunities—yes, but the shift leaves risk that a company's **best story is never heard and never delivered.**

THE SELF-SERVICING OF AMERICA

Sales has the primary burden of "closing" people in the consideration phase. Yet, complexity of product offerings and declining sales acumen are leaving **customers on their own to say, "This is for me."**

MICROMARKETING

Early-Interest

Automated micromarketing to early interest prospects drives them to close with relevant, timely and expert information that relates the brand promise to individual needs.

SALES-DRIVEN

Automated micromarketing for sales reps/call centers provides *on-demand* marketing for nurturing leads, better sales efficiency and trusted advisor status.



CROSS-SELL

Micromarketing of past prospects and current customers for cross-sell leverages recent purchases to expose customers to a more complete solution.

Because we now have both the technology and the what-to-look-for expertise required to generate discrete, actionable tactics and messaging from deep, complex data analyses, we can more accurately and productively segment audiences to execute highly targeted campaigns. Our firm also deploys a hybrid system we call "ROI Console," which all our clients are provided at no cost the day they hire our agency. This system helps us efficiently map their brand attributes through our strategic methodology, and then combine that with the positioning and messaging required to outflank each competitor in each prospect pool.

Because the metrics are built into our system from the beginning, in creative development and within the base code of each marketing element, we can precisely track, analyze and manage leads and other results to accurately measure return on investment from individual vehicles and tactics, as well as overall campaigns—online, offline, in the store, contact center or with the sales staff in real time.

LEVERAGING WORKFLOW

Here's an overview of the fundamental components of the end-to-end marketing automation system. At the core of the system are the client's enterprise computer system(s) and the marketing partners' activity, planning, executing, managing, and measuring the campaign tactics through database, CRM, and fulfillment processes.

DNA TO ONE TO ONE MICROMARKETING

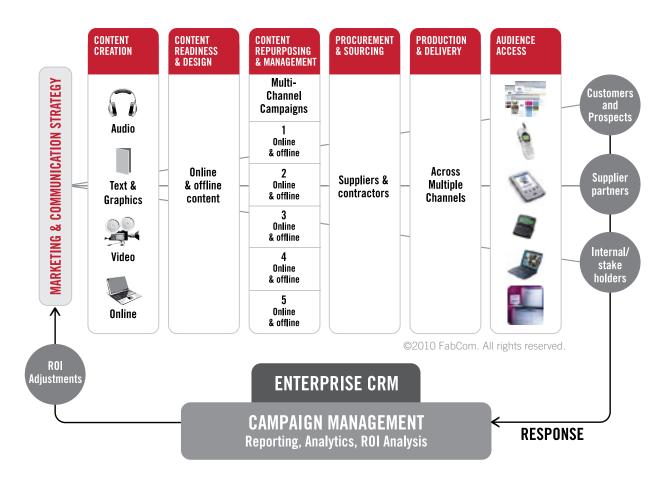
There are five main elements that the system autointegrates in creating each dynamic media campaign:

- Strategy: plan and purpose
- Logic + Business/Transaction Rules: timing
- Data: ability to purpose either Complex or Flat
 Databases in real time with no interaction with other personnel or processes with conflicting priorities
- **Content Development:** dynamically assembled electronically based on the prospects' interactions
- **Distribution:** ability to disseminate unilaterally, in real time, marketing assets across all channels that accept a digital file or the result of a digital file

END-TO-END MARKETING WORKFLOW

The next diagram illustrates the relationship of the various functions in the end-to-end system we have developed, called ROI Console. As always, we begin with research and strategy—goals, tactics and metrics. Content (graphics, copy, video, audio, web elements) is created one time and warehoused digitally for dynamic repurposing online and offline, across campaigns distributed on any platform or media with real time dynamic reporting. Appropriate outside supplier resources are utilized as necessary and then customized content is efficiently delivered according to rule-defined timing—to individuals in target audiences across every medium and platform. These activities proceed automatically, in real time, to generate, motivate and manage leads, and drive sales. In the closed-loop system, results from tactical execution feed into campaign and customer relationship management processes to continually refine the quality of data available for decisions.





In the end-to-end marketing workflow system, content is created one time and warehoused digitally for dynamic repurposing online and offline, across campaigns distributed on any platform with dynamic real-time reporting.

SHARE DATA DON'T INTEGRATE

The trick in building a fully dynamic workflow is the way in which we share data and imagery among the needs of the different communication channels. A functioning end-to-end workflow must be designed and configured to work with any existing system by means of Web services (the secure communication protocols used to communicate between servers or computers) and "APIs" (specific code that *links* together information from applications or databases). It is important to note

upfront that nothing in your existing system needs to be replaced. This new approach is a foundational pillar of Neuromarketology™ implementation. This is how we free your data in real time and link together the siloed data from your target audience's individual interactions with your brand. These can include disparate suppliers, disconnected marketing initiatives (events, trade shows, loyalty programs, etc.), online interactivity, call centers, in-store transactions, sales force activities, distribution and fulfillment centers, basically anything online or offline—utilizing *any* system.



The methodology of *sharing* the output from system to system is the game changer that makes the newer approach to integration work with legacy, state-of-the-art enterprise or small business systems. I often hear how clients have taken on data integration projects in the past and had miserable outcomes. This is part of the reason we have worked so hard the last few years to break through the conventional thinking to arrive at an alternate methodology to get to our clients' data without having to go through the guardians of data retrieval or the security, operational and lead time liability of conventional IT integration projects.

A NEW ROUTE FOR AN OLD TASK

Business has always looked at data as a way to measure what *has been done* in the past, not as a way to fine-tune activities in real time. Even in marketing we have always used trend analysis of past activity to predict future activity. Once data is made available in real time to us, it becomes another compounding game changer. You strategize differently, you create differently, you communicate differently, and you achieve different results.

We must check at the door all we believe to be possible in the area of data repurposing. A new route is possible for an old task that opens up possibilities and efficiencies that were never feasible in the old way of looking at things.

One of my favorite movies of all time is *Dead Poets Society* with Robin Williams. In the movie, Robin Williams plays a professor at a small prep school for privileged students. In one of the most memorable scenes in the movie, Williams sets up a simple experiment for the students, asking them to look at an object on a desk and clearly articulate what they see.

Emphatically the students all agree on what they see. Then, the professor asks them to get up, stand on their desks. From their new perspective, the students could see what was actually in front of them, but behind what was first observed they saw truly what was there. What was impossible to see from the previous perspective, was in fact there the whole time. The professor performs his famous stunt of standing on the desk to remind the students that we, "must constantly look at things in a different way." We need to look from a different perspective. "Just when you think you know something," he tells them a moment later, "you have to look at it in another way."

BREAKING DOWN DATA BARRIERS

So, what is the paradigm shift we need to make from the conventional perspective we have and the methods we have used to address our data over the last 25 years? The first big shift is to understand that we have, as an industry, partitioned it and siloed it. We must now share it simultaneously and transparently between systems and between departments.

For years we have relegated the data to be lined up in tiny little rows to be counted later and hidden behind an overwhelming array of security features with access protocols that keep us from using it. We have designed the systems to accommodate requests for downloads that are fulfilled by people who get irritated by the idea that they must stop what they are doing and program a special report or perform a data pull. If you work in a company that requires a work order to be completed before you can get to your data for marketing purposes, you know you are trapped in that world. In that world, how could we react in real time to a customer purchase or interaction and dynamically, instantly and automatically send the right message to the right person at exactly the right time and in the right place? We can't, and we know we can't.



Conventional thinking and most corporate standard customs based on yesterday's workflows make the process of data access so difficult that most cannot efficiently purpose our data in a proactive, preemptive and customer-centric way—so it goes unused. We have put people and processes in charge of the data with the mentality of operationally plodding deadlines needed for the completion of payroll, end-of-year budgets, operational planning, monthly billing and P&L statement generation and asset tracking. These are all long leadtime planned cycles where the rewards go to those who are most pragmatic. All of these long lead time and postmortem functions can be perfectly serviced by existing IT and enterprise data systems—that is what they were built to do. The new requirements of dynamic marketing place too much proactive demand on conventional IT systems.

Let's face it, the ingrained mentality of most people working in IT or finance, as well as the processes needed to store data and then purpose that information after the fact, is far different from that in departments such as sales or marketing.

DYNAMIC WORKFLOW

The requirement to use information dynamically to win and keep more customers is not only sales and marketing centric, but can be irritating to existing processes and systems. The simple fact is most enterprise or marketing platforms are designed to accommodate static and latent workflows. There is an organizational paradigm and process change that must go hand-in-hand with the new methodology of one to one dynamic marketing and its superior returns.

I believe one of the reasons we have been successful, thus far, in implementing these new dynamic one to one cross-channel, integrated campaigns in so many different industries and companies is understanding

this corporate cultural push back. We have developed a system that does not break into the old world process or mentality with system integration and all that goes with it. If your system—new or old—can write a report, then we can read it and then purpose it for our dynamic marketing needs—all in real time. No need to start an integration project with the IT team or request stale data downloads that are so difficult to acquire. We all know those static downloads lose their true potential effectiveness by the time we receive and use them.

TURNKEY ONE TO ONE MARKETING

With the right partner, there is no custom integration required on the client side to retrieve the information that exponentially improves your returns. In addition, on the back side, the results of your marketing activities and client interactions are aggregated in one place—the dynamic dashboard—and then also written back as a report to the client's enterprise, CRM, or other system(s).

We never took anything away, we never had to change the internal corporate process, hardware or enterprise workflows. We only mirrored the resulting output of enterprise or siloed systems. We then aggregate that output in real time with our dynamic 1 to 1 workflow and ad serving systems to launch fully dynamic cross-channel 1 to 1 marketing campaigns. Again, if your system can write a report, it can be parsed and used in real time.

This methodology, process, and technology can be instantly harnessed. We have a turnkey one to one dynamic messaging implementation and strategy process that takes a new customer from start to finish in less than 60 days. The implementation strategy starts with a deep dive audit that, inclusive of audience and brand attribute mapping, content creation and development, database setup and cross-channel, produces dynamic, 1 to 1 marketing campaign implementation in less than 60 days.



All the enterprise IT team has to do is allow us to embed a piece of code on the server. If you can hang Crystal Reports off your system or any reporting software, the right team can free your data to allow the exponential gains of dialogue marketing on a 1 to 1 basis in real time, across all your channels in less than 60 days. Two powerful market forces are driving the need for micromarketing:

- 1. Today's individual business and consumer customers are more demanding about getting what *they* want.
- 2. Communication platforms/channels are changing and multiplying quickly. MySpace went from nonexistence to a dominant position over the entire Internet and then, within two years, they were playing second fiddle to Facebook for their existence. The one thing that real time social networking has provided our economy is a rocket fuel booster to the concept that communications should be and can be "tailored specifically for me" in real time. Social media have raised the bar for professional marketers to keep up with the 15-year-old Facebooker for relevancy in communications.

We, as marketers, can no longer just push our message in front of our customers and prospects. **We must establish a conversation with them, so they** *interact* **with our marketing communications.** We can no longer just publish to your audiences. Smart marketers must establish a dialogue to stay relevant and ensure your highest return for your marketing dollar.

The automated and dynamic segmentation marketing system and resulting new methodology powered by one to one marketing practices allows us to hear what customers are telling us, make sense of that input and respond to it quickly and profitably. It's a shift away from simply promoting goods or services to offering a better, more personal customer experience.

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