

Solving the Wanamaker Problem

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It is no secret that marketers, being dissatisfied by traditional print and broadcast advertising results, are slowly shifting ad dollars to the Internet, email, and to mobile technologies. In fact, 2005 Internet ad revenues were \$12.5 billion dollars, up 34% over 2004. \$4.3 billion was spent for display ads, and another \$5.1 billion for keyword searches. Interestingly, for the most part, neither of these advertising forms comes close to solving Wannamaker's problem.

This shift in spending is based on a desire to have more **efficient** advertising, but it is not really helping to **effectively** track ad spending as it relates to actual sales. So we don't really know how effective Internet and other high-tech advertising are compared to more traditional forms. Even online stores have a problem tracking revenues associated with advertising. I am not talking about affiliate programs; I am talking about display ads that represent the lion's share of 2005 online ad spending. The one area that could be used to track ad to sales conversion is email. In 2005, only \$251 million was spent on email marketing, and, for the most part, email marketing is also not tracked to sales.

The Sunday newspaper cannot tell you if anybody read your print ad, let alone, if anyone made a purchase, unless you are using coupons. Google can tell you how many people clicked your ad to visit your website, but they cannot tell you how many of those people made purchases of your product or visited your store or restaurant.

Perhaps, this is the reason that the shift from broadcast and print advertising to Internet and mobile media has been a slow transition. A recent *Adweek* article indicated that Internet usage is well beyond that of advertisers' use of that media.

"NEW YORK - Despite sharp increases in Internet ad spending, advertisers still spend far less of their budgets on the Web when compared to the time consumers spend online. The Online Publishers Association, a trade group of Web publishers, published a study that found the Web accounts for 17 percent of media consumption, while advertisers are estimated to have earmarked 8 percent of consumer ad spending to Web media."

One hundred thirty two years after John Wannamaker created the first ever copyrighted store advertisement, we still can not determine which half of our ad spending is wasted.

* John Wanamaker (July 11, 1838 - December 12, 1922) was a United States businessman, civic and political figure, considered the father of the department store and the father of modern advertising. Wanamaker was born in Philadelphia, Pennsylvania.

Can The Wannamaker Problem Be Solved?

In a perfect world, virtually everyone who uses the Internet would have a unique identifier such as, say, an email address. In that perfect future, mobile phone users could be identified by an integer such as a telephone number. Sorry; that was just a little tongue in cheek rhetoric. Of course, we already have these unique identifiers. We just don't use them very well.

In 1996, Seth Godin wrote a book called *Permission Marketing*, outlining a future in which we would ask permission to market to our targeted social verticals. Much of this concept is based on obtaining the person's email address and then sending relevant messages and building trust with that person. In other words, according to this plan, you obtain the person's unique identifier. The same can be accomplished with mobile media. What Godin proposed then is a hundred times more effective today.

To be sure, it takes some work to track a click on an advertisement to an actual sale, but it can be done. And we can certainly do the reverse. We can convince customers to give us their email addresses or mobile numbers, and then market to them, with permission. Regardless of how we reach people, we would be able to know how efficient and effective our efforts are.

Most advertisers would be ecstatic to have a demographic map of the people who click their ads. That technique provides the ability to test advertising in the real world and to tweak it to obtain the best format for the targeted demographic. It's a lot better than bringing a handful of people into a room, and asking which ad they like best. Tracking an ad click to a sale is a whole new level of knowledge, and it begins to solve Wannamaker's problem. After all, what we want most are sales, and being able to accurately know which advertising generates the most sales allows us to put more ad power in the market or to cut back, and increase our profits.

These techniques are not without shortcomings. There are people who will not want to know the results of such measurements. That would mainly be the people who sell advertising. Advertising has a soft measurement matrix. With most Internet, print, and television ads, we have to pretty much measure against how many people receive a magazine or newspaper and how many people view a television show. The closest we come to a reasonable measurement of an Internet ad is knowing how many people clicked it. The higher these numbers are, the more you pay. This doesn't take into account how many people buy your product or service, which is how you pay for the ads in the first place.

It is not my intention to suggest that we get rid of all non trackable advertising. This is not feasible, and there is certainly a place for branding to the large audiences which these media have to offer. On the other hand, we should be working a lot harder to create programs that incorporate the ability to determine what type of people are reacting to our ads and who is buying our offerings, based on the ads they have seen.

The following are three mini case histories of programs that have done just that.

Membership Based Online Social Networks (Communities)

During the spring of 2006, a five year old information portal called UMIX.Net was re-launched as a full fledged membership based online social network. The UMIX (www.umix.net) community consists of trend setters in major urban markets who are socially active, tech savvy, and open to new ideas, products, and services.

Aside from enhancing the information part of the site by adding restaurants and shops to the existing clubs and events listings, a unique new **points reward** system was introduced. UMIX members accrue points for taking part in activities on the site, including shopping online through UMIX affiliates, referring friends to UMIX, participating in member surveys, and reading and clicking on specified advertisements.

This feature allows UMIX to track who clicked which ad (that is how points are rewarded), and it can provide advertisers with a report that reveals the collective demographics of the members who click their ads. Member identities are never revealed, however. UMIX executives are now working on a methodology in which an advertiser would be able to compare a list of customers acquired during the time that the ad ran to determine which had clicked on a specific ad displayed in the Umix community. While not all advertisers can produce a list of customers with some type of unique identifier such as an email address, those that can will have effectively solved the Wannamaker problem.

Reverse Tracking of Customers

In the quick serve restaurant business, it is not practical, at this time, to generate demographic data at the point of sale, so tracking customers to ads is usually done with discount coupons. That system is not always accurate, and constant discounting erodes profits and doesn't do much to create more loyal customers.

For the last two years, one QSR has worked on a project that proves that reverse tracking is not only possible but highly effective. The mechanics for doing this is rather simple. The QSR designed an online advergaming that customers play for the chance of winning prizes. Unique numbers were placed on drink cups, and distributed to customers in stores. The call to action was a web address.

A customer who visits the web site enters the unique number plus his or her email address, and then plays the game. At the end of the game, he or she is asked to join a VIP club. During a six month period 2.5 million people played the game and 30% then joined the VIP Club, this provided more complete demographic information. Adding a UMIX-like point's reward system to the VIP club would complete the circle.

Making Traditional Media More Valuable

Broadcast and print media both have very large audiences, at least for now, and are great vehicles to use for reaching the masses. It is, however, very difficult to really determine who has seen your ad, let alone who actually made a purchase because of it. This is okay for branding exercises, but it is becoming more and more imperative that our ad dollars generate sales results.

Using the combination of the power of mass media and the ability of the Internet to track intention, and even sales, we can create an advertising tool that enhances traditional methods.

Here's how it might work. Each ad or commercial is assigned a unique number. Listeners, viewers, or readers are informed to look or listen for commercials with this unique code. When they visit a web site and enter the code, they are taken to a page of more information about the product or service. The carrot is the opportunity to play an instant win game for a desirable prize, or, if the program is an ongoing one, participants can be asked to join a VIP club with a point's mechanic such as the Umix web site mentioned above. In either case, we are able to generate demographics and a unique identifier (email address) that could be tracked to a sale.



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An iteration of this program is a mobile mechanic where readers, listeners, or viewers can text a message to see if they have won a prize. The text back message can include a call to action, and, later, we can text them and ask if they want to join a VIP club or play another second chance game on an Internet site where we can gather more demographic and even psychographic information. Voting on programs such as American Idol and So You Think You Can Dance prove mobile marketing works well.

These three case studies reveal methodologies that come close to solving the Wannamaker problem; they certainly generate real and measurable data that can be used to better determine where and how your ad dollars should be spent to generate the best results.

The common denominator in each of these stories is that we are providing the possibility of a real reward for actions to be taken. In a world where information flows like beer at a frat party and can have the same effect, the future of effective advertising lies in providing incentives to your target. You either must have a very unique story (like Viagra, when it first came out) or you have to be willing to give the target something to make him, her, or them pay attention to you.

The first step in solving this problem is awareness. That is to understand how much you are spending on which marketing technique and whether you can track the results of those techniques back to actual sales. To assist you with this Hallman & Associates has created the Wanamaker Audit form.

This form can be used online or downloaded and used on your own computer. A link was provided in the email you received. If you lost the link or did not receive it contact me and I will send it to you.

The Wanamaker Audit file requires Adobe 7.0 Reader and it is free at the following web site <http://www.adobe.com/products/acrobat/readstep2.html> .

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