



It's about (quality) time: Experiential marketing ROI

Liz Bigham

A while back, McKinsey & Co. released a study predicting that by 2010, TV advertising will be one-third as effective as it was in 1990. At the core of the problem: even as costs for broadcast ads increased 40%, viewers dropped 50%.¹

Inevitably, marketers have to ask: what happens to ROI when the investment is rising, just as the likely return (consumer engagement) is falling? When it costs more to spend less time with stakeholders?

Of course marketers always want ways to spend more time with their customers—but for less money, not more. That's one reason plenty of brands are moving ad spend online. Yet just spending time with your customers isn't enough to achieve real return. Instead, the goal is "quality time" that creates real engagement where customers are not only exposed to your brand name but also given an opportunity to interact with your brand, absorb your messaging and understand how your brand attributes are relevant to their lives and needs. Simply moving spend to banner ads and more passive online vehicles—where issues of message clutter, media fragmentation and multitasking audiences are rife—doesn't offer enough of the "quality" in "quality time" to achieve real engagement between brand and audience.

Increasingly, ROI-driven marketers are looking for other ways to spend quality time with their target audiences at a low cost of entry—achieving true engagement that is relevant and authentic, leading to action and advocacy, impacting both short-term sales and long-term relationships and yes, delivering solid ROI.

A core to this strategy is experiential marketing, which provides cost-effective "face time" with audiences and moments of truth that lead to action and advocacy.

Difficult to define but increasingly important in the overall mix, experiential marketing comprises many tactics, including face-to-face (marketing through live interaction and events) and one-on-one (marketing through networked engagement, online and off). More important than tactical definitions is a bigger experiential strategy, based on the premise that today, audiences of all kinds (consumers, business partners, employees) want to be actively engaged by brands. They want brands to *talk* less, and *do* more. They are increasingly empowered to screen out messages they haven't asked for and may not believe—but under the right conditions they are willing to spend quality time interacting with brands.



Industry watchers continue to predict strong growth in the experiential sector²—but many marketers still need convincing. The reason: the lingering perception that it's difficult to measure experiential marketing efforts and therefore demonstrate ROI. For example:

- 79% of marketers surveyed said their ability to measure and demonstrate experiential ROI represents a key obstacle to successfully deploying experiential for their brands (even as 70% said experiential is extremely / very important for their brands moving forward).³
- In an *Advertising Age* media scorecard, event-based marketing (described as “guerilla”) was given the lowest rating for “the measurability for ROI” of any media; TV received the second highest rating (after direct). Justifying the low experiential score: “Marketers’ ROI expectations [for experiential] are lower than for other media, so the urgency to measure is less. Not to mention they spend a lot less on [it] than on traditional media like TV.”

I agree with Albert Einstein that “not everything that can be counted counts, and not everything that counts can be counted.” Yet I also believe it's important to correct misconceptions about the measurability of experiential ROI. For the ROI doubters risk losing opportunities to leverage experiential if they avoid it on this false premise—or, conversely, risk losing credibility within their organizations if they invest in experiential without adequately demonstrating ROI.

Experiential marketing can indeed be measured—we do it all the time for the full spectrum of experiences we create for Fortune 1000 clients, using our nGauge toolbox of measurement tools (see sidebar). While the objectives, metrics and outcomes are too diverse to simplify here, there is one common factor that merits a deeper dive—and that's time.

When it comes to experiential marketing ROI, it's about time—because experiential:

- Allows **more time** to be spent with stakeholders
- Requires **less time** to inspire action among participants
- Leads to **longer relationships** and advocacy that pay off over time

What I would call the “time economics of experiential marketing” set it apart as a way to engage stakeholders and achieve real ROI.

MORE TIME SPENT WITH STAKEHOLDERS

Experiential engagement can provide a brand with an opportunity to interact with customers in a substantive and meaningful way—and a big factor driving the depth of that interaction is time. If you think of the typical dynamic of experiential interaction—and I would include everything from talking with consumers at an opportunistic event in the public domain to following up with passionates through social media to meeting with business partners at an industry conference—stakeholders are invited to interact in a way that presumes two-way dialogue over a comparatively extended period. For their part, consumers and business customers are willing to spend a lot of time interacting with your brand if you can create an experience that engages them at the right moment, in the right place and in a manner that feels valuable and relevant to them.

Based on our own research, time spent with an experience varies based on what's going on around your brand—what's competing for your brand's time and your stakeholders' attention. In one consumer survey, respondents said they'd spend an average of between five and 15 minutes interacting with a brand depending on the venue, and were willing to spend the most time with an experience in a retail or shopping mall setting.⁴ Actual experience suggests participants may be willing to spend even more time—an hour or more—interacting with brands (see case study).

CASE STUDY: CONSUMER TOUR FOR A NEW LUXURY CAR

As a core element in its launch of a new luxury car, Jack Morton Worldwide helped an automotive company develop and deliver a multi-city US tour that engaged almost 15,000 highly qualified consumers directly. Below, an overview of this program's “time economics”:

More time spent with consumers:

- 63% of consumers participating spent between 16 and 60 minutes learning about the car and talking to brand ambassadors about it
- 10% spent more than 60 minutes
- Time spent with the brand rose at stops involving greater levels of interactivity with the product

Less time between awareness and purchase:

- 43% of consumers arrived with little or no prior awareness of the car
- Yet 49% left the experience extremely or very likely to purchase the car in the future
- 13% were in market to purchase within three months

Long-term payoff:

- Participants were shown to have a Net Promoter Score of 49 (16 is considered average)
- According to a model for likely word of mouth behaviors established by Walter J. Carl of Northeastern University, the 56% of participants that qualified as “passionates” (because they responded to the recommendation question with a 9 or 10), had a likelihood of creating an additional 400,000 experiential impressions through positive word of mouth

Five, 15, even 60 minutes may not sound like a lot of time—but consider this engagement window against the split-second interactions of a consumer hitting “mute” when a 30-second spot comes on, closing out a pop-up ad or throwing away unopened direct mail.

Business-to-business marketers have long understood how time figures into effective sales and marketing. That’s why smart btob marketers dedicate so much attention not only to choosing the right trade shows and conferences to participate in, but also to ensuring that the experiences they orchestrate there have baked-in stickiness and interactivity; it’s also why there’s a growing emphasis on proprietary experiences that justify hours’, even days’ worth of customer time and attention.

LESS TIME BETWEEN AWARENESS AND PURCHASE

Taking it down to the simplest level, the ultimate goal of all marketers is to sell more, faster. In the calculus of ROI, “more” equals greater return and “faster” equals less money invested (because marketing dollars are used more efficiently). Marketers that look closely at customer lifetime value also look at speed to purchase and ask the question, “What’s the monetary value of transforming this prospect into a customer sooner, rather than later?” Given that the world’s top 100 marketers spend around \$100 billion annually, generating quicker sales against this sizable investment could represent significantly better ROI.

Experiential marketing moves people through the purchase funnel very quickly: in relatively short order, sometimes in a single interaction, participants are moved from awareness to purchase (see case study). The potential result: higher rates of sales conversion in less time, and therefore better ROI. Compare that result to the typical “rule of seven” for traditional advertising, which posits that it takes seven ad exposures to deliver a sale.

This movement of participants from awareness to understanding and likely purchase through a single experiential touchpoint speaks to one of the key factors of experiential time economics: speedier drive to purchase. Recent studies by the Advertising Research Foundation (ARF) reinforce the link between the high levels of consumer engagement at experiences, rapid impact on consideration and the carry-through to sales; the study asserts that purchase intent communicated on-site was a valid indicator of future sales.⁵ But to ensure that this conversion is achieved, an obvious experiential best practice is to build paths-to-purchase into the interaction itself.

LONG-TERM PAYOFF

An aspect of the time economics of experiential marketing is its use to achieve longer-term loyalty among customers that, once engaged experientially, become not only committed customers and advocates but maintain that status over the long term. Marketers track customer lifetime value as well as its word of mouth partner, customer referral value (the monetary impact of a customer who refers your brand to others). So it seems natural to ask the question: does engaging stakeholders experientially achieve long-term payoff in more enduring, more lasting brand relationships—and what’s the value of that over time?

A recent study by the ARF points at this issue. “An unending debate is whether [experiences are] primarily sales-building or brand-building tools. Ideally [they] should improve profitability by increasing both short-term sales and long-run brand demand... The tendency is to think they only have short-term impacts. On the contrary, the power of experiential marketing is shown in this study to go beyond short-term effects to generate a longer term brand value.” The ARF study also suggests that emotions play not only a strong role in experiential engagement but also in forming memories that impact future behaviors relative to the brand. “Emotion is fundamental to engagement, and in the event space it goes beyond the symbolic associations and influences attributed to the brand via advertising and marketing communications (although that is important) but includes a participant’s experience at an event... (and their memory of it).”⁶



THE TIME ECONOMICS OF EXPERIENTIAL ROI: WHAT WE MEASURE

- Rate of audience acquisition and retention
- Speed to action and performance
- Speed to purchase
- Customer lifetime value
- Customer referral value

SPEEDING AUDIENCES THROUGH THE FUNNEL: WHAT WE MEASURE

Awareness

- Number of people exposed
- Increase in recall and understanding

Consideration

- Increase in reported “fit” with beliefs and actions
- Change in perception

Preference

- Increase in perceived relevance
- Agreement with messaging
- Positive differentiation
- Intent to purchase

Commitment

- Increase in aligned attitudes and behaviors intent to learn more about the brand
- Increase in belief, trust
- Purchase

Advocacy

- Positive Word of Mouth recommendation
- Number of advocates
- Number of people acting on recommendations
- Net Promoter Score

There is another longer-term benefit of experiential engagement beyond direct participants in an experiential campaign, and that is word of mouth advocacy. Participants in an experience often begin talking very quickly. According to a recent Event Marketing Institute study, 90% of those who told friends and family about participating in a brand experience (78% of those surveyed) did so within just two days.⁷ Social media should be built into the experience (pre-, at and post-event) to spread the word to participants' friends and families to enable this speed-to-talk.

But word of mouth advocacy has strong long-term benefits. The now common Net Promoter Score (NPS), where stakeholders answer the question "How likely are you to recommend this company or product?" on a scale of 0–10, is a metric used to gauge the value of precisely this kind of impact. NPS proponents claim that a company's score relative to competitors correlates with revenue growth relative to competitors—and they further assert that NPS is "the top correlate to actual customer behavior 80% of the time when compared to other loyalty questions."⁸

Indeed, NPS is one of the metrics we apply to all our experiential campaigns. Both on-site results and later word of mouth provide ample evidence of likely long-term impact (see case study). It's impossible not to draw a contrast between this enduring value and the rapidity with which ad impressions deteriorate: according to one textbook, "Studies show that most TV viewers can't remember the product or company in the most recent TV ad they watched—even if it was within the last five minutes."⁹

Emotional engagement with direct participants that yields long-term loyalty, combined with personal recommendations (perceived as the most credible way to learn about brands) that keep growing over successive generations of influence, represent a formula for strong experiential ROI. To maximize this long-term value, experiential best practices demand that marketers treat their campaigns as an ongoing dialogue with stakeholders, enhanced and amplified across an integrated mix of live, digital and networked interactions—rather than the "moment in time approach" that focuses on a singular event.

THE TIME ECONOMICS OF EXPERIENTIAL MARKETING ENGAGEMENT

Experiential marketing gives brands the power to engage stakeholders through interactions that extend over time and across multiple platforms.

But again, it's not just time that matters, it's quality time—and it takes expertise in experience design and a true philosophy of brand stewardship to ensure that experiential programs are orchestrated with a deep understanding of how to link the brand, its messaging and attributes with touchpoints that will be engaging, relevant and impactful for the audience. Time is a strong foundation, but it's engagement and the resulting moments of brand truth—or what a colleague calls "moments of brand bond"—that really provide the tipping point to long-term ROI.

A deep, lasting interaction with a customer leads to a powerful increase in the depth of brand differentiation and emotional connection, which in turn accelerates the cycle of conversion and purchase. The value of this transformation of stakeholders from awareness to commitment to advocacy pays off not only in short-term sales but in long-term loyalty—all strong proof of strong experiential ROI.

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1 "McKinsey Study Predicts Continuing Decline in TV Selling Power," *Advertising Age* (August 6, 2006).

2 "Non-advertising-based forms of marketing—especially newer sectors such as branded entertainment, event marketing and experiential marketing—have emerged as the fastest growing segment of the media economy." *Communications Industry Forecast*, Veronis Suhler Stevenson (2006).

3 "2008 Marketers Survey," Jack Morton Worldwide (2008).

4 "Experiential Marketing Survey," Jack Morton Worldwide (2005).

5 "Experiential Marketing: A Master of Engagement; Research on How Engaging Events Pay," *Advertising Research Foundation* (2008).

6 "Experiential Marketing: A Master of Engagement."

7 "The Viral Impact of Events: A Study on the Power of Word of Mouth Strategies to Increase the Impact of Your Events"

8 <http://www.netpromoterscore.com>

9 *Contemporary Advertising*, Arens, Weingold and Arens (2008).



As a leading global experiential marketing agency, Jack Morton Worldwide creates experiences that deliver on brand promises—inspiring key stakeholders to new insight, action and advocacy. We integrate live events, branded environments and interactive media, thereby helping clients improve performance, increase sales and, ultimately, make their brands behave.

Jack Morton has a staff of 600 employees throughout the United States, Europe and Asia-Pacific, and is part of the Interpublic Group of Companies, Inc. (NYSE:IPG)

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