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Beyond paid media: Marketing’s new vocabulary

Changes to the way consumers perceive and absorb marketing messages will force marketers to change not only their thinking but also the way they allocate spending and organize operations.

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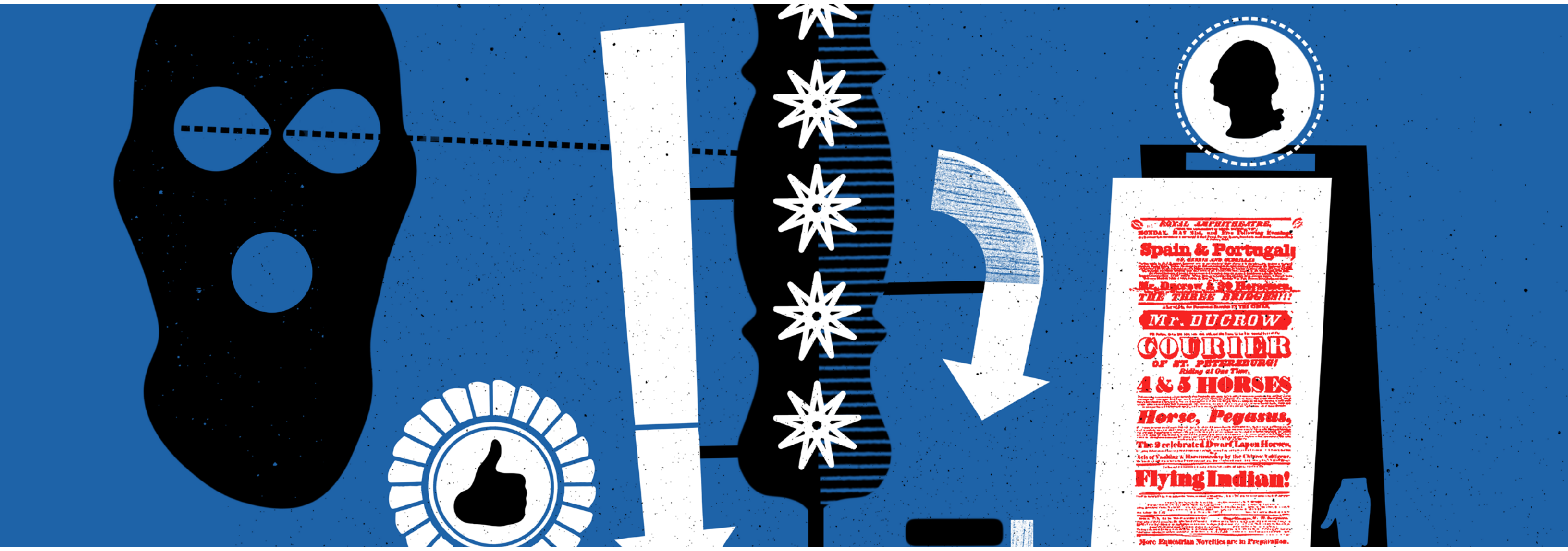


The rough guide to marketing success used to be that you got what you paid for. No longer. While traditional "paid" media—such as television and radio commercials, print advertisements, and roadside billboards—still play a major role, companies today can exploit many alternative forms of media. Consumers enamored of a product may, for example, create "earned" media by willingly promoting it to friends, and a company may leverage "owned" media by sending e-mail alerts about products and sales to customers registered with its Web site. In fact, the way consumers now approach the process of making purchase decisions means that marketing's impact stems from a broad range of factors beyond conventional paid media.

These expanding media forms reflect dramatic changes in the way consumers perceive and absorb marketing messages.[1] As a result, some strategic-marketing frameworks—such as the popular "paid, owned, earned" one—are in serious need of updating. Many marketers use this framework to distinguish different ways of interacting with consumers, forms of financing, and measures of performance for each contact. Yet the paid, owned, earned framework increasingly looks too limited. How, for example, should a marketing strategist for a company react to requests from other companies to purchase advertising space on its product sites? How should a company deal with online activists when they take hold of a product or campaign to push a negative emotional response against it?

Two media types must therefore be added to the framework: "sold" and "hijacked." These new forms of media, which demand sustained investment and attention, challenge the traditional strategies, structure, and operations of most marketing organizations. Yet marketers should view their expanding range of media options not only as a challenge but also as an opportunity worth grasping, to encourage readers to share content or even create their own.

Five forms of media

Too many companies view marketing plans as little more than an exercise in where and when to buy media placement. Yet as the number of digital interactions increases, marketers must recognize the power that lies beyond traditional paid media (Exhibit 1).

Paid, owned, earned

Paid media include traditional advertising and similar vehicles: a company pays for space or for a third party to promote its products. This market is far from dying; options for marketers are expanding exponentially with the emergence of more targeted cable TV, online-display placement, and other channels, not to mention online video and search marketing, which are attracting greater interest. The second category, owned media,

[1] See David Court, Dave Elzinga, Susan Mulder, and Ole Jørgen Vetvik, "The consumer decision journey," mckinseyquarterly.com, June 2009.

Exhibit 1

Two new forms of media—'sold' and 'hijacked'—challenge the traditional strategies of most marketing organizations.

Media type	Definition	Examples
Paid	Your company pays for media space or for a third party to promote its products	Television commercials, magazine and newspaper ads, billboards, product placements, Web banners, search-engine marketing
Owned	Your company uses or creates its own new channels to advertise	Catalogs, Web sites, Facebook fan pages, e-mail and customer databases, company-owned retail stores
Earned	Consumers create media and/or share media your company created	Organic search[1] placement, forwarding a popular commercial to friends, consumer ratings and reviews, rankings on community sites
Sold	Your company invites other marketers to place their content on its owned media	An e-commerce retailer selling ad space on its Web site, a consumer marketer creating an online community and selling ad space
Hijacked	Your company's asset or campaign is taken hostage by those who oppose it	Consumers rallying opposition to a company on Facebook, consumers creating and distributing their own negative versions of ads

[1]Unpaid search-engine results based on keywords.

consists of properties or channels owned by the company that uses them for marketing purposes (such as catalogs, Web sites, retail stores, and alert programs that e-mail notifications of special offers).

Earned media are generated when the quality or uniqueness of a company's products and content compel consumers to promote the company at no cost to itself through external or their own "media." Starbucks, for example, announced in July that its Facebook fan base exceeded ten million people, the highest of any US corporation. The company directly links its recent strong performance to its social-networking efforts and "crowd sourced" innovations such as "My Starbucks Idea," a Web site where anyone can suggest ways to make the company better. Similarly, Honda Japan undertook a promotion on the social-networking site Mixi, where more than 630,000 people registered for information about the launch of its new CR-Z vehicle. The company automatically added "CR-Z" to these users' Mixi login names (for example, "Taro CR-Z") and gave them a chance to win a car. Nonregistered users wondered why people suddenly had login names incorporating CR-Z. Thanks to the buzz, prelaunch orders reached 4,500 units, and actual sales topped 10,000 units in the first month.

Sold

Paid and owned media are controlled by marketers touting their own products. For earned media, such marketers act as the initial catalyst for users' responses. But in some cases, one marketer's owned media become another marketer's paid media—for instance, when an e-commerce retailer sells ad space on its Web site. We define such sold media as owned media whose traffic is so strong that other organizations place their content or e-commerce engines within that environment. This trend, which we believe is still in its infancy, effectively began with retailers and travel providers such as airlines and hotels and will no doubt go further. Johnson & Johnson, for example, has created BabyCenter, a stand-alone media property that promotes complementary and even competitive products. Besides generating income, the presence of other marketers makes the site seem objective, gives companies opportunities to learn valuable information about the appeal of other companies' marketing, and may help expand user traffic for all companies concerned.

Hijacked

The same dramatic technological changes that have provided marketers with more (and more diverse) communications choices have also increased the risk that passionate consumers will voice their opinions in quicker, more visible, and much more damaging ways. Such hijacked media are the opposite of earned media: an asset or campaign becomes hostage to consumers, other stakeholders, or activists who make negative allegations about a brand or product. Members of social networks, for instance, are learning that they can hijack media to apply pressure on the businesses that originally created them. High-profile examples involve companies ranging from Nestlé (whose Facebook page was hijacked) to Domino's Pizza (a prank online video of two employees contaminating sandwiches appeared on YouTube).

In each case, passionate consumers tried to persuade others to boycott products, putting the reputation of the target company at risk. When that happens, the company's response may not be sufficiently quick or thoughtful, and the learning curve has been steep. Toyota Motor, for example, mitigated some of the damage from its recall crisis earlier this year with a relatively quick and well-orchestrated social-media response campaign, which included efforts to engage with consumers directly on sites such as Twitter and the social-news site Digg.

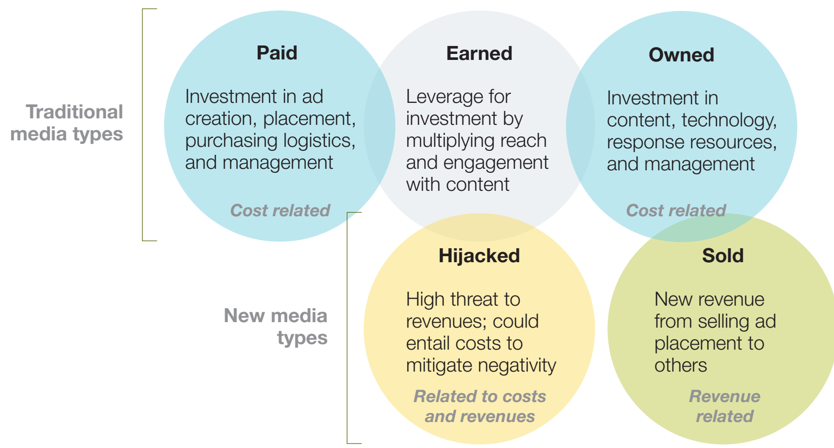
The impact of the media revolution

The changing role of older media and the emergence of newer ones extend the marketer's role well beyond the allocation of budgets and channels. Marketers today require a deep understanding of how consumers engage with different types of media at each stage of the journey toward a purchase decision. What's more, these different kinds of media are related and interact with one another (Exhibit 2), so marketing plans and capabilities must adapt and evolve. Paid, owned, earned, sold, and hijacked media are evolving in four primary ways.

First, different kinds of media are becoming more integrated. The reach of paid media, for example, means that they will increasingly serve as feeders into owned-media hubs, where marketers can offer a more engaging experience, get consumers interested in products, and pivot into an ongoing and more targeted stream of contacts with users or

Exhibit 2

Marketers must adapt to the varying effects of different media types on budgets and revenue flows.



members. New ways to connect with customers, for example, are transforming traditional relationship management by requiring marketers to interact with consumers through multiple forms of media in increasingly personalized ways. JetBlue has promoted its Twitter offering through many channels, for instance, and now has about 1.6 million followers seeking a regular feed of special deals for tickets. This approach has given JetBlue the ability to deliver timely coupons at a minimal variable cost, reducing its reliance on expensive paid media while fostering closer relationships with consumers.

Second, new publishing models are emerging because the increasing complexity of consumer needs and of efforts to address them means that marketers can't do everything—and they are leaning on media providers for help. In what's almost a throwback to the days of the soap opera,[2] marketers are partnering with media publishers to create deeper marketing experiences for consumers and to obtain content and ad sales support. Computer maker Dell and automobile manufacturer Nissan, for example, worked with the Sundance Channel to create a television talk show hosted by Elvis Costello to attract their target demographic. With ads that seamlessly blended into the show's content, Dell and Nissan not only gained exposure to a highly engaged audience but also shifted the perception of their brands to connect with late-stage baby boomers and with generation Xers.

[2]Soap operas were originally radio (and later TV) drama serials aired during the daytime. Soap manufacturers such as Procter & Gamble were sponsors and producers.

In addition, applications on devices such as Apple's iPhone are spawning tools that provide useful information. For example, eBay's Red Laser generates a list of prices for any product whose bar code has been scanned by a mobile phone. Beverage companies show where their products are available by overlaying icons onto maps on the screens of mobile phones. In Japan, food manufacturers can increase sales across entire product categories through marketing collaborations with platforms such as Cookpad, the country's leading online recipe site, with nine million members, more than 40 percent of whom are women in their 30s.

Third, marketing experiences are becoming more personally relevant. At first glance, personal conversations and experiences wouldn't seem to be the best way of getting the scale and reach most marketers crave. But new kinds of media enable richer interactions and improve targeting, so they encourage consumers to share the things that make them happy. McDonald's in Japan, for example, has developed expertise in the use of Twitter and other blogging platforms to promote new products and promotions by leveraging its huge fan base to talk about how much they love the company's food. While this fan promotion is sometimes spontaneous, it's often facilitated and encouraged by providing these fans with free meals. In this way, paid- and owned-media efforts (such as blog and Twitter campaigns) make consumers so enamored of McDonald's products that the company generates a significant amount of earned media.

In a related phenomenon, the evolution of new kinds of media means that consumers are engaging more often in real-time conversations, particularly on social networks and other digital platforms. Helping consumers to express themselves is a scary and significant reversal of the control marketers have traditionally tried to maintain over brands. While most marketers are already exploring tools to monitor conversations in social media, they need to develop triage and action engines to ward off people seeking to hijack their media.

One consumer electronics company, for example, has recognized that every review or rating posted about its products creates the possibility of a hijacked conversation. It now responds to all comments within 24 hours: positive feedback gets a thank you, an invitation to become a Facebook friend, and special offers; negative reviews get explanations of how to fix issues, instructions on how to navigate an interface more easily, or follow-up questions to learn more about what the consumer didn't like. Some hotel chains, recognizing the importance of travel sites (such as the popular TripAdvisor), likewise encourage satisfied guests to post comments online, while employing staff to follow and answer negative comments. These conversations become an interactive public-research project to gather information for future improvements. In effect, the evolution of media types means that a company's marketers are now on the front lines of its efforts to deliver outstanding goods and services.

The challenge for marketing organizations

Marketers offer rich and complex experiences. But the consumer's standards for the consistency of information encountered in different venues, the way it is provided in each of them, and its usefulness are becoming more stringent daily. Likewise, publishing, the brand experience, cultivating advocacy among customers, and generating personalized leads are now more important. These realities create four priorities for marketing organizations:

- Think strategically about the role of each media type. As companies move more aggressively into, for instance, owned and earned media, the role of paid media should change: it may be used to drive consumers toward a company's owned media or, more sparingly, as a "booster" for new-product launches and other promotions. That may require tighter coordination with ad agencies regarding the design and placement of marketing content. To reflect the influx of traffic to owned media, companies may also need to change their budgets and operations.

- Rebalance time and resources. Owned media require patience, cultivation, and sustained engagement. Like the products of any good online publisher, a marketer's owned media need a steady stream of traffic-building programs, fresh content, and optimized design. Focused management, sufficient budgets, and appropriate performance metrics are needed to build owned-media platforms, whether they're foundational search or social-media efforts, site hubs, alerts, or feedback-gathering communities, to name a few possibilities.

- Develop a clear community or social-networking strategy. Companies need an agreed-upon set of rules and principles for managing and responding to single or coordinated attacks against the brand. It's imperative to appoint an experienced community or social-networks manager who knows in advance how to coordinate with marketing, public relations, legal, and other relevant units and has the required authority and decision-making rights. The cost of failing to respond effectively can be high. One multinational company, for example, responded to accusations about its business practices by arguing with its accusers on its Facebook page, even blocking and deleting posts. That move only heightened public interest in the dispute, in effect hijacking the page until the company apologized.

- Improve both the art and the science of marketing. Debates among pundits of marketing typically focus on whether it is an art or a science (and thus on the relative importance of creativity and analytics). Actually, the bar is rising for both art and science, and a third dimension—execution—is growing in importance as the complexity of marketing escalates and its practitioners seek to deliver a richer consumer experience. This goal calls for teams that can design campaigns for a number of very different kinds of

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channels, from TV to social networks to search optimization. Data must be used more effectively to reach decisions and to apply them. Technology must make the spending of each dollar more efficient in the face of greater complexity. Quality must be defined and measured, and risks mitigated and managed.

Of course, the investment in hiring staff to answer every social-media posting may be tough to justify at first, but this approach will probably become critical for mitigating the threat of brand hijacking. And to deny negative reviews and comments legitimacy, companies must be able to make the justifiable design or service improvements consumers seek.

The list of challenges is long, and priorities will vary dramatically, depending on an organization’s competitive dynamics, willingness to experiment, and skills. Few of the necessary changes can be made through mandates from on high; they must happen organically. Ideally, chief marketing officers and other leaders would put together fresh, well-crafted pilots and get the support to invest in breakthroughs that can be applied at scale.

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The proliferation of media types gives marketers a dramatically richer arsenal to deepen the engagement of consumers with brands cost effectively. Stepping up to meet the high bar of expectations, however, requires a renewed focus on execution, coordination, speed, and performance.

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