

COLUMNS

## Mobile's frothy, foamy funnels

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By A LUXURY DAILY COLUMNIST

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Why do marketers spend more chasing new audiences instead of rewarding and retaining brand loyal audience?  
"What do you spend more on acquisition or retention?"

That is one of my favorite questions to ask chief marketing officers. It gets a surprisingly thoughtful response for such a simple question.

Juicing it

Marketers do not often take a step back and simply divide their budget into these two buckets of acquisition and retention. They should.

In my experience, most marketers spend far more on top of the funnel acquisition-related expenses than on retention programs aimed at keeping the customers they already have.

Intuitively this does not make any sense.

Ask the CMO of Simply Lemonade or a seven-year-old with a lemonade stand, and they will tell you it is harder to get a new customer than to keep an existing one.

Digital advertising, led by mobile, is by far where the majority of digital marketing dollars go. Egged on by their agencies, marketers are approving bigger awareness budgets.

Today's marketers have dreamy-eyed visions of greener geo-fenced pastures and hyper-targeted ads perfectly served to the perfect person at the right time. And, actually, a lot of that is true.

Marketers can target and optimize like never before, and we do live in a golden age of affordable digital media.

But we also live in a golden age of retention. Gone are the days of 50-cent mailers, replaced by email, SMS and push notifications that let you communicate with your customer for next to nothing.

Mobile content, loyalty and gamification programs can keep loyal customers on never-ending customer journeys.

Social and mobile applications help you identify and nurture your "Brand 1%-ers" as I like to call them your truly hardcore, rabid brand advocates.

Rather than use all of this wondrous technology in an efficient, cost-effective way, many agencies are instead

sparkling mobile advertising budget arms races.

#### Harms race

Like a booking agent convincing an aspiring star to perform for free because of the "exposure" they will get, agencies persuade brands that "impressions" will help drive brand awareness and affinity.

Agencies produce beautiful, detailed reports designed to convince their clients that the campaign was a smashing success. The only other self-generating industry I can think of as a parallel is the legal industry you had better spend a lot on your lawyer, because the other side is.

Mainstream CPG brands see their colleagues approving bigger awareness budgets, and they think, "I better do that too."

Do not get me wrong I am not arguing against using large-scale mobile advertising campaigns. I am in the business myself, and it is an incredible medium.

But an acquisition campaign that does not have a solid engagement and retention component is simply pouring water into a leaky bucket.

At best brands should strive to build their opt-in lists. At the least, brands should collect data on how consumers are interacting with their digital campaigns to drive new insights.

Any mobile veteran will cringe when told the story of Denny's "Grand Slam Giveaway."

In this promotion, Denny's spent \$2 million on a Super Bowl commercial trumpeting a free Grand Slam breakfast to anyone who wanted one. Predictably, people responded in droves, and Denny's gave away a further \$3 million worth of free pancakes, eggs, bacon and sausages an average of 1000 free breakfasts per location.

Mind-bogglingly, however, was the complete and utter lack of any retention mechanism. No email collection, no SMS opt-in nothing.

For just a little more investment and a little integrated call-to-action thinking ("text in for your free breakfast"), Denny's could have amassed a powerful opt-in list that could have driven revenue for years to come. Instead, they just wound up with millions of dirty dishes.

MOBILE OFFERS MARKETERS marketers the chance to build meaningful long-term relationships with their consumers, and create new data dimensions around consumer engagement and retention.

CMOs are sensitive, rightly so, to too much communication with their consumers, and sending too many offers and come-ons.

But by taking a mobile content marketing mindset, marketers can turn interactions into brand gifts. They should consider reallocating some of the big budgets going to those frothy, foamy funnels, and come up with content that engages, surprises and delights and drives retention to go along with their acquisition.

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