THE RISE OF EXPERIENTIAL MARKETING
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Welcome to the hot new world of experiential marketing, where the old rules no longer apply.

BY EDMUND LAWLER

In this digital age of virtual connections, smart brands are discovering a basic marketing truth: When it comes to connecting with consumers, there’s nothing like a real experience.

While traditional marketing was based on a volume of target audience impressions, experiential marketing involves engaging with consumers in a manner that enables them to “feel” the brand versus simply being exposed to it.

The payoff? Marketers taking the experiential plunge find that they are gaining deeper, more genuine connections with consumers.

“An ‘experience’ has much more impact than an ‘exposure,’” says Brian Martin, senior VP-marketing and communications at Project: WorldWide, an independent global network of 11 agencies formed in 2010 that specializes in engagement marketing. “If you’re only engaging with one-way communications today, you’re leaving value on the table. Companies that have invested in experiential marketing have seen better business results because consumers can interact with the brand.

Already marketers are starting to see the advantage of experiential marketing, boosting their budgets in this area. An annual survey by the Event Marketing Institute projects that event and experiential marketing budgets will grow 4.7% in 2013, up from 5.0% in 2012. In fact, the world’s largest brands—those with $1 billion-plus in revenue—increased event and experiential spending by 9.8% in 2012, the study says.

While some experiential marketing is done on a grand scale, Max Lenderman, principal at School, a Project: WorldWide agency in Boulder, Colo., that focuses on experiential, social and digital media, says it doesn’t take deep pockets to orchestrate a successful campaign. “It’s the idea that counts,” he says. “The ones with the most resonance with consumers are the ones that originate in the real world.

“Experiential marketing lessens the distance between the consumer and the brand,” Mr. Lenderman adds. “It does that with relevant, memorable experiences often done at a grassroots level, in places and domains that traditional mass marketing can’t reach. Some might say, ‘Well, only 1,000 people experienced the event, but by the time it’s shared on Instagram or YouTube, the impact is far greater. Social media has been a boon to experiential marketing.”

STRENGTHENING CONSUMER BONDS

One company that has discovered the power of experiential marketing is American Express Co. The company works to create a variety of experiential efforts as a key part of its broader strategy to strengthen bonds with card members and to introduce itself to new customers and prospects.

The customer experiences include Small Business Saturday, which American Express established to encourage shoppers to patronize small and local bricks-and-mortar businesses on the Saturday after Thanksgiving.

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—Brian Martin

The company has also been a sponsor of the U.S. Open tennis championship for 20 years. For the past three, it has produced the U.S. Open American Express Fan Experience. Housed in 20,000 square feet of interactive space at the tournament site, the Fan Experience allows attendees to perfect their game, catch the action on the courts and challenge their friends to a virtual match.

“Experiential marketing for us is about getting people to feel what it’s like to be a member of American Express,” says John Hayes, CMO of American Express. “It really is about not just telling them what it’s like but helping them to feel it. We do that by creating events, by doing things, whether it’s American Express Unstaged [a live streaming concert platform] or it’s something like Small Business Saturday that creates involvement and engagement.”

While brands are best experienced live where a conversation can take place, the digital revolution is helping to extend the reach of those events. Mr. Martin says when live events are integrated with social digital elements as social media, they can create even deeper, more long-lasting relationships between consumers and brands.

“Social media, for example, adds another dimension to an experiential event because it can help capture the energy and enthusiasm of that particular moment.”

Blending live elements with digital elements has allowed Cisco Systems to deepen the level of engagement at its Global Sales Experience, or GSX. The company used to hold a weeklong Cisco Global Sales Meeting in Las Vegas for the 20,000 members of its sales force until 2009 during the recession.

Instead, Cisco launched GSX, which Alex Sapiz, Cisco director of sales and partner engagements and recognition, says “blends the best of live and online experience elements to help achieve communication and motivation objectives at a very small fraction of what a live or traditional face-to-face event would cost.”

Cisco uses its own powerful network to share the hybrid live-and-digital conference at 72 physical sites around the globe. About 70% of the sales force participates at a Cisco site, where they also have some type of digital device at hand. The other 30% are exclusively digital participants.

“Cisco embraces strategy as the absolute foundation of GSX,” says Tim Dempsey, executive director-client services and program strategy and planning at George P. Johnson, which helps produce GSX. “Cisco stays within the boundaries defined by the experience design strategy. This keeps the whole team aligned with program goals, and the results say this execution discipline is worth it.”

Ms. Sapiz says research indicates that GSX is actually producing a higher level of engagement, thanks to strong programming and savvy use of technology.

The new format has helped Cisco achieve key performance indicators in such areas as confidence and sales effectiveness.

FUTURE OF EXPERIENTIAL MARKETING

Overall, experiential marketing will be a growing area full of possibility going forward. Experiential marketing events usually don’t play to the millions of eyeballs of a large-scale television or print campaign. But they do engage consumers at a much deeper, more personal and more emotional level, creating positive buzz that is often amplified by social media, says Mr. Lenderman, who believes experiential marketing is no longer a “below-the-line” tactic but a leading strategic driver for brands.

He says results of experiential marketing events are measurable, but the timeline is longer than digital or TV campaigns.”
SELLING SYDNEY: LIGHTS, CAMERAS, SOCIAL
As part of the 2013 VIVID Sydney festival of light, music and culture, Spinifex Group masterminded four installations, including this striking projection on the Sydney Opera House “sails” as well as the crowd-pleasing BBC Worldwide “Doctor Who” projection on Customs House. The annual festival helps brand Sydney as a leading creative hub and allows such sponsors as Audi, Citibank and Intel to shine. The 18-day show in late May and early June enjoyed record attendance. Adding to the interactive experience of more than 800,000 attendees was an unprecedented level of user-generated photographic, video and social content that was shared digitally.

CLEAR CHANNEL’S VIRTUAL DUNKING
Clear Channel needed a distinctive display of its Spectacolor outdoor display ad format. The product, featuring a 31-by-55-foot, high-definition, Internet-enabled screen, has an attached HD camera capable of live feeds. To showcase its over-the-top features, Clear Channel worked with a digital agency, JUXT, to create a virtual carnival-style dunk tank in New York’s Times Square that was an augmented reality game. Powered by social media and gesture recognition, the game allowed a live audience to interact directly with Spectacolor. The dunk tank engaged more than 18,600 people, creating more than 1.5 million social impressions. The experiential marketing campaign was instrumental in helping Clear Channel close significant deals with brand advertisers.

MAKE MINE A DEW
Mountain Dew teamed up with daredevil filmmaker Devin Graham, better known as Devin Super Tramp, and Project: WorldWide agency Motive to create a new series of videos, such as the one featuring a human catapult that launches people on a giant slingshot made of bungee cords. The videos reflect the Mountain Dew ethos of good times and tap into the brand’s heritage of letting its fans experience the fun. The videos have been viral sensations, with more than 2.3 million YouTube views of the human catapult and 2.1 million views of a video featuring a giant Slip’N Slide launch ramp.

THE NISSAN ‘HALO’ EFFECT
Nissan North America, working with George P. Johnson, created a multisensory experience in an amphitheater-style space at the North American International Auto Show in Detroit earlier this year. The signature design element, known as the “halo,” was an architectural nod to the slipstream effect created in wind tunnels when testing vehicles for aerodynamics. Within the halo, GPJ created original media that played out across large, high-resolution screens, attracting visitors to the space and telling the Nissan brand story. The halo also provided a sense of enclosure that wrapped attendees in special scents and sounds to encourage a deeper product experience. Thousands of potential customers spent an average of 10 minutes in Nissan’s space, creating tens of thousands of brand interactions.
Experiential marketing is emerging as a powerful discipline that is allowing marketers to create a deeper relationship with consumers than mere exposure to brands. In a recent event sponsored by Ad Age and Project: WorldWide, four leading marketing and agency executives came together to take an in-depth look at experiential marketing.

On the panel, moderated by Ad Age Deputy Editor Judann Pollack, were John Hayes, CMO of American Express; Russell Klein, chief provocateur, and former CMO of Burger King and Arby’s; Denise Incandela, CMO of Saks Fifth Avenue; and Rick Condos, co-founder and chief creative officer of ARGONAUT, a Project: WorldWide agency.

The panel discussed areas such as the dynamics of experiential marketing, the role of experimentation and the value of doing things differently in a large organization. Following are edited highlights from their discussion:

MS. POLLACK: We’re here to talk about experiential marketing. There’s a debate about it. What do you really consider experiential marketing?

MR. CONDOS: Experiential marketing has become a very hot buzzword. I actually think it’s always existed. It is our job to engage consumers. It is our job to pull them into the stories we’re telling, and that’s an interesting shift. We always used to have to push messages out and we used to tell stories. We still tell stories, but now we ask our consumers to be a part of those stories. That’s part of where the successful brands are winning—when they are giving up some control and allowing consumers to participate. That’s when we get to see much deeper kinds of engagements and relationships.

MR. KLEIN: It’s all about what is the purpose of your experience. If you’re not provocative and you’re not creating an experience that is purposeful, then you’re just waving a flag out there. It’s all about feeling.

MR. HAYES: Experiential marketing for us really operates through many channels, but it’s about getting people to feel what it’s like to be a member of American Express. It really is about not just telling them what it’s like, but helping them feel it. We do that by creating events, by doing things. Engagement is discussed a lot in marketing, but for us, it’s really important.

MS. POLLACK: How well would a provocative strategy work for a brand like American Express?

MR. HAYES: For me, it all starts with being in awe of your customer; you have to be in awe of your customer. We did something that was very provocative but we didn’t know it.

‘We always used to have to push messages out and we used to tell stories. We still tell stories, but now we ask our consumers to be a part of those stories.’ —Rick Condos

I want to rewind back to January 2010. You folks may recall the horrific earthquake in Haiti. As we do under any crisis, we waived fees for transactions for anyone who was giving to relief. We sent out an email to our customer base and we said, ‘If you want to give, we’ve made it as easy as possible.’ Our customer base gave over $100 million to relief. And all we did was send out one email. That blew me away.

Is that provocative? Yeah, Did we mean to be provocative? No. So I would argue that it’s really just being in awe of the people who are your customers and understanding them profoundly and trying to see how they do things and then working with them on it.

MR. CONDOS: I also think there’s a level of provocative that can be mistaken for edge. We surprise our consumer when our brands behave within our values but in an unex-
pected way. That creates a deeper level of engagement.

When we threw a Chevrolet Sonic out of an airplane, that delighted the target we were looking for so they grabbed hold of it. When we bungee-jumped one, when we did all these things that were firsts for them, [we] created this community or tribe. They are fans who want to tell your message for you, and that becomes the follow-on now of engagement marketing. When we had Rob Dydek do a kick flip in a car, before we could get it public, 299 phones had filmed it and [uploaded] it before we could get it out the next day.

M5. POLLACK: Is there a campaign that you particularly admire or wish you had done?

MR. HAYES: There are a lot of commercials out there that I think are wonderful, but I’m more enamored with brands that actually do and have defined a business based on what they do—you know, brands like Amazon, which has built an incredible business by being maniacally focused on serving you in a certain way that you’ve come to expect. Advertising has a place, but for me the most amazing things are the brands that are doing things.

MR. KLEIN: Authenticity, isn’t it? It’s whether it’s a piece of advertising, or experiential campaign, or auto show, or whatever, it’s about authenticity.

MR. HAYES: That’s right, having a purpose and delivering on it. You know, I’m working with a brand that’s 163 years old. I don’t want to be the guy that screws it up. And yet this brand has gone through a lot of change.

Brands have to have flexibility, they have to have changes that make sense. I would say it’s OK to make a mistake with the brand. I get interesting reactions to that, and I say it’s about recovery. Think about the brands that mean the most, [that] built through recovery, [that] learned quickly they were getting it wrong. They pushed it too far, they did something that wasn’t right—and then they said, “We’ve got to recover.” Those are the brands that [listen], which is the other part of marketing which we haven’t talked much about. In the last 20 years, marketers have had to grow ears, and the listening part is where recovery is found. That’s the core of learning whether or not you’ve pushed something too far.

MR. KLEIN: What John is saying is universally true. The same thing was true at Burger King. The highest levels of customer satisfaction were not among so-called “loyal customers”; they were among customers who were unhappy and then recovered.

M5. INCANDELA: It’s always about the recovery. You’ve got to recover really well, to create a loyal customer after you mess up. If you can consistently do it, then you’ve got a customer for life. Then not only are they a customer for life, but they’re telling your story to everyone they know because it’s the recovery that’s really interesting and that goes viral. That’s what has the legs.

M5. POLLACK: I do have to ask you, Russ—after you left, Burger King stopped running the [“Creepy King”] campaign. What we had been told was that the focus was too narrow, and it wasn’t getting to the moms and the people that bring their kids in.

MR. KLEIN: This idea that we were targeted too narrowly I find laughable because targeting everyone is like targeting no one. Anybody who doesn’t understand that the light bulb gets paid and the earnings report quarterly comes on the back of your core consumers is missing the point. We identified the same thing at Burger King—who is our core customer? I’m going to be in awe of those consumers, and I’m going to make them feel differently about this brand so they visit much more often; and we said our objective, very purposely, was to “remystify” the brand.

We had to surprise people, we had to make people understand that everything they know about Burger King isn’t necessarily all that’s there today, that there’s new things. We went about remystifying the brand through new products, through new advertising, through new packaging, through the restaurant; and we identified a relationship with what we called our “superfan.” That’s what it was all about for us at Burger King—the provocative stuff. The “Creepy King” was deliberately creepy, it wasn’t just accidentally creepy. He was deliberately creepy because we wanted to remystify the Burger King brand and become part of pop culture again among a group skewed male, skewed younger. We wanted to become the frat boy of the space, but we didn’t do it by accident.

MR. CONDOS: I think there’s something really important that you’re saying about the discipline of not relying on advertising alone to make that change. We’ve all seen it probably countless times when there’s an idea on the table that can fundamentally change a company. But it stops at marketing.

It’s that willingness to look at ideas as something that is a five-year platform, a continuing platform that fundamentally is going to possibly reorganize the entire company. Those brave decisions are the ones where you really see the successful changes in six years, seven years. It’s a rare commodity.

‘There are lot of commercials out there that I think are wonderful, but I’m more enamored with brands that actually do.’  —John Hayes

M5. POLLACK: Do you see more openness? Do you see more of a willingness to experiment?

MR. HAYES: Experimentation is critical. We’re constantly doing experiments. The ones that work you’ve seen on a broad-scale basis. The ones that don’t work disappear. The reason why experimentation for us is so important and so practical is because you can learn really fast. You can get the feedback you need very quickly as to what people will respond to, what people will do, what they will follow through on.

MR. CONDOS: There’s so much data to be able to measure that you can take risks now and you can learn much more quickly than you ever could before, which makes people braver.

M5. INCANDELA: And you know definitely one way or the other. In the past your organization could have debated it, and you never knew the right answer. Now you actually start to get answers.

MR. KLEIN: That’s true, but more so for the close-in stuff. I think for big thinking, for the long term, you have to be purpose-driven about what you’re experimenting with and why you’re experimenting. The best way that I know to do this is through great futures planning.

No one can predict the future. We can predict a number of different scenarios and then we can try to ascribe some probability of what the world is going to look like, what the marketplace is going to look like, three, five, 10 years out that serves as a basis for the experimentation. The great futures planners out there are the ones that win over the long term because they are positioned with the right answer in their repertoire, even though they don’t know which right answer it is going to be it until the market expresses itself.

But you have to be able to throw light out into the future and be a good scenario planner as a CMO and as an agency. That serves as the basis for what are you experimenting with, and it makes it a lot more comfortable for people who want to know why you’re tinkering with something that looks so unusual or looks so unfamiliar to what things look like today.