

A red and white hawk is depicted in flight, its wings spread wide, against a background of a perforated metal surface. The hawk's body and wings are rendered in a vibrant red color, while its head and tail feathers are white. The hawk is positioned in the upper half of the frame, facing right. A large, white circular graphic with a red border is centered over the hawk's body, containing the text "CATCH-11".

CATCH-11

KEVIN DUNCAN

CATCH-11

DARING TO FAIL: WHY NEW MARKETING IS VIRTUALLY RISK-FREE.

Old mass marketing is dead – businesses need to get wise to new approaches, and enjoy the fact that most of them are cheaper, and sometimes free. Online media can offer ways of reaching audiences very fast, which also means learning can be fast. Businesses should adopt iterative testing - choose the cheapest, preferably free, online media, try something, relax and let the market decide. Beware forecasts that box up figures and head for an arbitrary target – they are usually wrong. Companies must avoid the old trap of being caught between overextension and sticking to the knitting – embracing uncertainty is better. Constantly restructuring the marketing department may be a chimera – don't confuse movement with progress.

Final credits

“The act of turning crap into mediocrity.”

Lester Bookbinder on advertising

Businesses struggle enough as it is with the themes in this book. Much of this wrestling goes on behind closed doors, but when it comes to marketing the whole thing arrives in

the public domain, sometimes with cringeworthy results. Hence daring to fail. Time was when corporations designed their products, used as much research and judgement as possible to decide whether they were onto a winner, and then launched a marketing campaign on an unsuspecting, but hopefully appreciative, public. Not anymore. The days when millions could be spent on lavish television campaigns are largely gone, and for many reasons. In no particular order, these include declining audiences, channel fragmentation, proliferation of alternative media, a general squeeze on marketing budgets, and difficulties in proving directly attributable return on investment.

Any or all of these specific areas may be of concern or interest to marketing specialists, but they are rendered near-irrelevant by a much simpler and more pervasive fact: large advertising campaigns in paid-for media are now essentially unnecessary. Not only should businesses consider very carefully whether to sink millions into marketing – they also need to understand that there may be no need anyway. So it's goodbye to the old days when a devoted audience of millions sat in front of the telly and lapped it all up. The final credits have gone up. This was a view expounded as far back as 2002, when Sergio Zyman announced *The End of Advertising As We Know It*. Advertising doesn't work, it's a colossal waste of money, and if you don't wise up, it could end up destroying your company and your brand, he warned. Specifically, he

asserts:

1. Traditional advertising doesn't work, and is nothing to do with the standard notion of 30-second commercials.
2. Awareness doesn't sell, so there is no point in pursuing it in its own right. If you don't keep giving customers reasons to buy from you, they won't.
3. Advertising is a lot more than just television commercials. It includes packaging, spokespeople, employee relations, and much more.

If this sounds like a doomsday scenario, then there is no special need for businesses to panic. As one route to market declines, another rises, and the two phenomena are interlinked. Online has become the largest communication channel in the world, and it is significantly cheaper than conventional paid-for media. It just needs to be properly understood and utilized to be of great value to businesses.

The rise of online as a marketing channel

“Advertising may be described as the science of arresting the human intelligence long enough to get money from it.”

Stephen Leacock

New media alternatives have ended the guaranteed effectiveness of television, and often deliver very fast results at almost no cost. The trends in new marketing are many and varied. Direct communication between producers and consumers is the norm, and needs to be handled carefully. Direct communication and commerce between consumers and consumers has the power to bypass companies altogether and thus remove them from markets entirely. Amplification of the voice of the consumer and independent authorities places all businesses under greater scrutiny, thus increasing the need for an authentic story as the number of sources increases.

Extremely short attention spans due to clutter create a marketing environment in which fast and helpful are the watchwords, whilst search engines have introduced the dicing of everything. It all adds up to near-infinite channels of communication, and a bewildering array of inbound pressure and outbound options for the hard-pressed marketer.

As we have seen, businesses should not fool themselves that they have kept pace with change just because they are doing something on the Internet. Interruption as a media thought no longer works. But the pressure is not all one way. Marketers can now receive instant results from their use of online media, and will now demand the same responsiveness from other media. Cost per click and cost per acquisition

deals now dominate online advertising spend, making it a highly effective medium, and probably the most accountable.

Online communities as a marketing channel have many advantages, the most powerful of which is that the majority are active and willing participants. Anyone who opts in to a subject matter is both aware, and actively in control of, their participation level in a way that previous media did not allow. Television viewers can at best leave the room or fast forward a message they do not wish to see. It took years for the direct marketing industry to introduce an opt-in rather than opt-out element. Express consent was introduced in the nineties to counteract the huge volumes of unsolicited direct mail that used to pour through letterboxes the world over. Online audiences merely click on or look at the bits they want, or do not engage with communities or subject matters that are of no interest to them.

Although they may be self-selecting, they are not necessarily compliant. Interested parties are the first to let companies know if they do not approve. In this respect, marketing departments now have the privilege of knowing what customers don't want, as well as simply looking at sales figures that can only hint at their true feelings. This should be good news for businesses if they have sufficient humility and toughness to stomach the information if it is unpalatable. Mature marketers should both crave and relish

tough news. At least they know what the issues are, and can set about doing something to improve things. In years gone by, sometimes this feedback loop would take months to yield helpful data, but online it can happen in real time. Which begs the question: are marketers in danger of becoming as impatient as their customers?

Hegel and the impatient marketer

“If you want to succeed, double your failure rate.”

IBM's Thomas Watson

The impatient marketer now has an armoury that enables them to see instant results, which could equally be instant gratification or instant failure. In the same way that, when they see light at the end of the tunnel, politicians are said to order more tunnel, marketers are said to do more marketing as soon as the current initiative is seen to fail. This approach may be good or bad, depending on the circumstances. The old principles of direct marketing were never more relevant here. The approach must be iterative: repetitious and frequent – or, in the words of mathematical logic, recursive. This involves running back over a volume of repetitive functions to identify or confirm a formula or sequence. Test and learn, test and learn. The online world provides ultra-fast and specific data that can allow this mantra to be applied almost

non-stop so that businesses can truly understand what their customers and their actions are telling them.

Another way of looking at this approach is to consider subsequent marketing attempts in the light of the philosopher Hegel's approach, known as the Hegelian dialectic. Here the thesis (marketing approach number one), would be compared with, or contradicted by, the antithesis (approach number two) to yield a resolution in the synthesis (improved approach number three). Hegel believed that change is a process that can be understood, and fast-forwarded. As Thom Braun points out in *The Philosophy of Branding*, marketing is largely about getting to the next important synthesis first. New and creative combinations, tested and tested fast, can help businesses arrive at a better result faster.

In statistics, hypothesis testing involves pitching the null hypothesis against an alternative, and only accepting it if its probability exceeds a predetermined significance level. In many cases, businesses would do well to adopt this level of sophistication to verify their hunches. Doing so involves as much rigour in attitude as it does in method. Marketers need to remove emotion from the equation. Pinning all their colours to one mast will lead to impassioned but possibly wrong approaches. The whole point about testing is that a hypothesis does not purport to be right or wrong – it merely posits a point of view that is there to be proven or not proven.

If it is proven, then more activity of that type can be done. If it is not proven, then the owner of that initiative needs to take it on the chin and move on to the next thing without becoming defensive. As Keynes observed in the prologue: “When the facts change, I change my mind. What do you do?”

Success and failure: a new attitude

“We’ve created an impression that life is risk-free, and it’s not.”
Alastair Wood

Marketing efforts do not have to be a relentless sequence of successes, despite what many a case history might try to suggest. We need a new attitude to success and failure. The overall effect of failure is its likelihood times its cost. Most organizations try to reduce the effect of failure by reducing its likelihood, but in the process undoubtedly launch some failures and fail to capitalize on some potential successes. This asymmetry pushes companies into pursuing safe choices, and thus reduces innovation. As Clay Shirky points, the open source movement doesn’t suffer from this difficulty because it doesn’t have employees and it doesn’t make investments. It is essentially an ecosystem that is remarkably tolerant of failure, and has effectively reduced the price of it to free.

Everyone can now be a media outlet, everything is getting faster and faster, and failure now costs nothing. Most ideas are bad, but it is now cheaper to try something. In short, companies need to relax and not be so worried about things not working. They need to:

1. Choose the cheapest, preferably free, online media
2. Try something
3. Relax and let the market decide

But they also need to understand probability better, so as to manage their expectations more sensibly. The Birthday Paradox shows that most people have a poor grasp of probability. What are the chances of two people in a group of 36 sharing a birthday? Most might expect it to be 36 divided by 365 days, yielding around 1 in 10, but there are actually 600 possible pairs of birthdays in a group of 36 (an 80% chance). That's the difference between thinking solely from a personal perspective rather than a group one. At a group level, probability levels are pervasive and, if properly understood and mobilized, very helpful to businesses. Businesses would do well to stop thinking about themselves for once, and start thinking about the extraordinary interactions between their customers. One major British bank was famously quoted as saying that it wouldn't bother to have a presence on Facebook on the grounds that it was not one of its chosen media channels. The market, however,

thought otherwise, using the medium to generate millions of comments about the bank. By opting out of the debate and ignoring the medium, the bank annoyed a high proportion of its own customers, revealed its antediluvian approach to the world, and lost a high volume opportunity, all in one fell swoop. In essence, marketers need to realize that it is okay to fail, and that businesses cannot foresee everything.

The false metrics of the Finance Director

“It is only because we fail to understand probability that we continue to believe events are non-random, finding reasons where none exist.”

Nassim Nicholas Taleb in *Foiled By Randomness*

Attitudes to ‘failure’ can be institutional. Businesses need to get used to black swans and randomness, and beware the false metrics of the Finance Director. As we saw in chapter III, financial forecasts are almost always inaccurate, and never happen as predicted. Every year, flying in the face of all previous wisdom, Finance Directors produce forecasts that bear little relation to reality at all. Too many involve squeezing fictional figures into boxes to generate an arbitrary number at the end – often due to pressure from a board of directors in another country.

Companies really should know better by now. Every year they know that the year plan involves healthy doses of fiction, but every year they carry on and predict it anyway. Businesses must wean themselves off this fiction so that they can concentrate better on reality. Choosing an aggregated total figure to aim at, or simply adding a 10% increase to last year's performance, is no way to box up the subtleties that affect a modern business. Given the amount of time taken up in forecasting and re-forecasting, many companies would be better off having no forecasts at all.

Business forecasts have the power to distract. Some businesses spend more time trying to appease 'shareholders and stakeholders' than they do on actually running the business. This is misguided. A business is nothing without its customers. Instead of hurtling towards a target, and missing the point in the process, businesses would be better served if they learned to embrace uncertainty and fly unstable.

Embracing uncertainty v. sticking to the knitting

"There is no such uncertainty as a sure thing."

Robert Burns

Inherent stability is a vestige of old companies. If companies don't like uncertainty, then they had better get used to

it, because it has now become a permanent feature of the modern business landscape. Those who believe they are onto a sure thing may well be wrong. Those who refrain from trying to box up the future may well flourish because of their flexibility. Nowhere is this contrast better encapsulated than in the boom and bust cycle in business between core values and brand extension. Apparently lack lustre companies that have been doing the same thing for too long are either tempted or bullied into extending beyond their comfort zone or familiar area of expertise. They move into new territories in a blaze of glory, decreeing a brave new dawn and predicting great success. Sometimes it works, but when it doesn't the company is chastised for overextending, and told to return to core values, or 'stick to the knitting'. A typical pronouncement from an industry analyst in 2009 read:

“The mid market has underperformed, and the company has suffered disproportionately from this. It chased a market lower than it was built for traditionally, and this has alienated its core customer base. It needs to revert and go back to what it was.”

This adherence or re-dedication to core values can be addictive (entering 'core values' into a search engine yields 13.6 million mentions). In advocating 'sticking to the knitting' (1.9 million mentions), Tom Peters may inadvertently have spawned a generation of business folk who do not wish to be

weaned off doing what they always did. Whilst suggesting that business diversity almost never works, he also proposed autonomy and entrepreneurship, the like of which will always foster innovation. That was in 1982. In the modern world, businesses would do better to set a path, and not stick to it if circumstances change. If they see a fork in the road, they should take it.

Everybody loves a restructure

“75% of marketing leaders expect to reorganize their operations by the end of 2011.”

Forrester report

It's not what changes, it's what stays the same, or so the old adage goes. But most modern businesses cannot resist changing things with alarming regularity. It is widely held that the average tenure of a Marketing Director is eighteen months. This is just enough time for them to fail to grasp the issues adequately, launch some ill-advised initiatives, and then leave. Or so the cynics observe. Given that companies are merely loose aggregations of individuals, sometimes a restructure can be triggered by something as simple as one person's decision. This may be the caprice of a regional head, or it may be that of a crucial team player deciding to move on. Consider this example:

“Tour operator TUI is abandoning the marketing shake-up it initiated less than a year ago to revert to a single-team structure.”

Marketing

Digging deeper reveals the underlying reason for the change: “The changes follow the decision of TUI’s head of brand strategy and innovation to leave the company next month.” In other words, the resignation of one person caused a ‘restructure’ – fairly remarkable given that the previous structure had only been in place for nine months.

One individual action may cause change, although no snowflake in an avalanche necessarily feels responsible. It is not just individuals that cannot resist tinkering. Committees, boards and management consultants all share the blame. A new wave of change is sweeping the marketing world. In April 2010, Coca-Cola, Vodafone and Asda all announced a shift in strategy with a batch of reshuffles of senior marketing and chief executive roles. A Forrester report predicted that moves to restructure global teams would become commonplace throughout the year, with three-quarters of companies claiming they would change things round.

Some of the commentary surrounding such developments bears the hallmark of circularity that we have identified. “There is a natural tendency for local marketers to attempt to

create silos – to insist on operating their way because that’s always been their approach in their geography,” says one observer. “What they should be looking for is much greater cohesion internally, with decisions being taken closer to the real market,” says another. Coca-Cola on the one hand announces that it wants to “simplify the way we do business” by being “more efficient, faster to market and increasing the scale of our activities across Europe,” whilst another observer describes their marketing as “irrationally infatuated with the differences between the people of Europe.”

Sometimes, it sounds as though companies are fizzing around like a fly in a bottle, getting nowhere. It pays not to confuse movement with progress.

Don’t confuse movement with progress

“Those who dare to fail miserably can achieve greatly.”

Robert F. Kennedy

“The man who makes no mistakes does not usually make anything.”

Edward John Phelps

Daring to fail is all about a state of mind. It doesn’t mean adopting a cavalier approach. It means embarking on a

reasonably informed game of chance with a healthy attitude and an ability to react fast to new news. When the facts change, then businesses should adjust rapidly. Forward motion can be embraced by adopting some of the approaches advocated in my previous books:

1. One in a row

Achievement does not have to be a relentless series of successes. Businesses need to develop the knack of doing one thing well, observing the result calmly, and moving swiftly on to the next thing better informed.

2. Progress not perfection

The fact that nothing is perfect needn't stop companies making progress. They should give it their best shot and fix it as they go along, otherwise they could well be paralysed by inactivity.

3. Action not activity

Too many businesses suffer from what the Italians call The English Disease - a lot seems to be happening but nothing really is. Lots of rushing around does not equate to sensible action.

4. Outcome not output

This is nearly the same point, but not quite. Output (churning out a lot of stuff) is irrelevant. Outcome (what happened?)

is all that matters. It is possible to generate the latter with almost none of the former.

It all adds up to: don't confuse movement with progress. Getting the attitude and approach right will have a complete bearing on a company's likelihood of success in relation to any of the themes in this book. Beguiling customers to become ambassadors, avoiding being medium, taking bold pricing decisions, designing new business models, being fast enough, working with retail and online dominance, coping with vanishing sector boundaries, trading in the global village, developing fruitful partnerships, keeping an eye on the cash, and daring to fail with marketing initiatives – they can all be approached with a smart frame of mind that says: “That looks about right. Let's try it.”

Why business will never be the same

- Old mass marketing is dead – businesses need to get wise to new approaches, and enjoy the fact that most of them are cheaper, and sometimes free
- Online media can offer ways of reaching audiences very fast, which also means learning can be fast
- Businesses should adopt iterative testing - choose the cheapest, preferably free, online media, try something, relax and let the market decide
- Beware forecasts that box up figures and head for an

arbitrary target – they are usually wrong

- Companies must avoid the old trap of being caught between overextension and sticking to the knitting – embracing uncertainty is better
- Constantly restructuring the marketing department may be a chimera – don't confuse movement with progress

CASE STUDY – WAR CHILD (CANADA)

In 2008, War Child Canada shook Canadians out of their philanthropic apathy and doubled their volunteer base in a matter of weeks, by daring to use new media methods (bloggers, websites and social networking sites), and with the only traditional media support coming from some donated TV space and a \$500 investment in Facebook ads.

WHAT EXACTLY HAPPENED?

War Child Canada is an international humanitarian organisation based in Toronto. They are a 12-year old charity that works to generate awareness, support and action for children's rights around the world. They rely heavily on Canadian donations to help create building and education programmes in war-torn countries.

In the midst of the most challenging economic climate of the last fifty years, when most charities' donations were down between 10% and 35%, War Child Canada desperately needed to build support for this relatively unknown charity and find a way to generate compassion for issues taking place halfway across the world.

War Child Canada had limited resources, and maintained a strong belief in not over-investing in marketing, thus ensuring that donations be channelled directly into their much-needed programmes. The charity decided to go for shock tactics – challenging the perception that Canada is a 'global giver' when the reality was the complete opposite, with the country being ranked 56th in the world in terms of financial contributions to peacekeeping, right behind Malawi. In fact, research showed that Canada at the time was giving only 0.28% of Gross National Income to help other countries, when the UN target was 0.7%. Compared to the US and the UK, Canada fell well behind, with only 5% of donations going to support international humanitarian causes.

The strategy therefore focused on reaching young Canadians and turning them into War Child activists. The goal was to create discourse (debate, chatter, and talk) about Canada's role in helping people around the world, and specifically helping children in war-affected areas. The 'Help Child

Soldiers' campaign idea challenged the effect of this apathy, and was headlined 'If you're ignoring the problem, you might as well be supporting it.'

The idea came to life in a documentary-style online video that showed a dark, bizarre world where Canadians were actually supporting child soldiers by sending them rifles, donating knives and knitting balaclavas. It even showed kindergarten kids making targets for the soldiers to practice with. With no real media budget, they needed to spark discussion on blogs and social media sites. The viral video was seeded with influential bloggers in the target market. At the same time, the campaign was launched on Twitter, with multiple employees creating a presence which quickly generated followers and sparked discussion.

This online activity, which also included Facebook sponsored ads costing \$500, directed people to the charity's website where they were encouraged to pass along the message to increase impressions with downloadable posters and stencils, a blogger press release and drop box, and additional Twitter and Facebook initiatives.

The Help Child Soldiers campaign overcame budget and media challenges, gaining national attention and awareness for the cause. The campaign was mentioned in 65 blogs, with 17,689 reported referrals to the website. The video

reached 115,000 views in the first three weeks, hitting the top featured and top favourite on YouTube globally. According to YouTube analytics, the video also was the 6th most discussed non-profit YouTube video of all time in Canada (as of December 2008). The online activity also resulted in an increase of 16% in Facebook fans, and over 1000 new Twitter followers. Most impressively, in just a few weeks, War Child almost doubled their volunteer base and saw an increase in online donations of almost 300% on previous months.

WHAT CAN BUSINESSES LEARN FROM THIS?

- Clever marketing initiatives rely predominantly on the strength of an idea, not the size of a budget
- The price of failure these days is next to nothing, so it pays to try something
- The more controversial the theme, the more likely it is to polarise – this may not capture the public imagination but if it does, they will do the marketing for you
- Even if the task seems daunting, large amounts of inertia can be overcome by a powerful campaign thought

VITAL STATISTICS

- \$500 media budget

- 65 blog mentions
- 17,689 web referrals
- 115,000 video views
- 1000 new Twitter followers
- Volunteer base almost doubled
- Donations increased by 300%

To deal with this catch, businesses need to:

- Accept that clever marketing initiatives rely predominantly on the strength of an idea, not the size of a budget
- See that the price of failure these days is next to nothing, so it pays to try something
- Believe that the more controversial the theme, the more likely it is to polarise – this may not capture the public imagination but if it does, they will do the marketing for you
- Even if the task seems daunting, large amounts of inertia can be overcome by a powerful campaign thought