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## Online Marketing's Mass-Market Mentality

**Marketers place too much emphasis on demographics because they are uncomfortable or misunderstand how to use behavioral data in evaluating marketing decisions.**

By: Peter L. Klinge, Jr.

The Internet's emergence changed a fundamental approach to target evaluation – the assumption that demographics and the closely related psychographic methodologies determine how marketing and media plans are shaped.

Within a traditional offline broadcast model, demographics remain relevant. However, in the online marketing world, too much emphasis has been placed on demographics and not nearly enough on behavior. This may be due to a limited mass-marketing mentality and because marketers are still uncomfortable evaluating behavioral data.

### Running in the Shadow of Demographics

Why does behavior-driven marketing run in the shadows of demographics in marketing considerations? There are a few reasons – common sense to some, controversial to others:

1. Weak marketing and media skills in the industry
2. Organizational inertia
3. Business orientation to 50-year-old techniques for mass marketing.

I recently met with a client to develop a business and marketing plan. The client discussion focused heavily on defining the demographic for an online audience -- *not what they do, but who they are...* This appears a central issue to the state of online marketing, and the problems marketers face in successfully positioning goods and services online.

The client is a new software company, still in the beta phase, with an extremely exciting new online service for peer-to-peer dynamic collaboration that can be made public or private as an email, Website or both.

As with any new offer, the challenge is to determine the market and the possible audience. But for a product such as this, it's possible to imagine all types of users and uses. While demographics may be a factor, it's unlikely that any one demo would be more important than another. It became apparent that usage behavior is primary to identifying groups most likely to find a value in such a service.

### Evaluating the Behavior Flow

We set out to determine the behavior flow, i.e., set conversion goals from consideration to initial trial, to repeat usage, and identified prospective usage patterns. We then outlined the data metrics to measure and help evaluate the behavior flow.

This helps to address questions, such as, where are users coming from? What registration and related Website service path issues are affecting conversion? And so on.

Once we accomplished this we were in a superior position to determine media considerations and placements based on 'like' behaving groups who shared similar interests and activities.

So, for example, if placing real estate, personal or business classifieds is a usage behavior, then the audience is *opting in* based on the behavior-driven need; the audience demo takes second to usage habits.

The Web, of course, blurs the media and context consideration because unlike offline it's not apparent who the intended audience is by viewing the magazine cover or television show -- it's the content and utility to the Web user that matters.

Web users are engaged in all types of activities representing wide-ranging age

demographics. Therefore, how do you define the eBay, Amazon, AOL, Yahoo!, or MSN audience?

You don't. It's the usage-based behavior that counts, and one finds that common interest behavior, more often than not, cuts across a lot of demos.

Is it really relevant to buy 18 to 49 demographic banner packages through a portal? This is akin to being everything to everyone and of little value to anyone.

Part of the reason this approach is not more prevalent might be due to the proverbial revenge of the traditional marketers in the wake of the dot-com bust.

### **A Reactionary Climate**

We're in a reactionary climate for the marketing and communications industry. The Internet was going to change the way we did business. Remember the frictionless economy, how brick-and-mortar businesses were not relevant?

The most significant change the Net brought is accountability for understanding and measuring Web user interaction or behavior. Inherent in Net technology is of course the ability to track data footprints through the Web -- a wonderful marketing byproduct of the Net that is still misunderstood. Why is that?

For starters, the technologists driving the first consumer and commercial wave of the Net in the mid '90s didn't view the marketing benefit as the Net's purpose. Consequently, the Web logs that buried user path data were pretty arcane.

Second, the early commercial enterprises focused too heavily on defining and shaping the Web as a "new mass medium". This burdened the Web with an antiquated advertising model that is one part broadcast, one part publishing, confusing the marketplace about the Web's value as a branding or direct-response medium.

The Web offers both capabilities, but the marketer will come up empty on both if behavior-based marketing is not understood. In other words, the consumer consideration and buy pattern.

For example, a successful marketer identifies and measures various questions, i.e., how to create awareness, consideration, trial, repeat, loyalty conversion, usage segmentation and purchase frequency. This is a classic marketing discipline that applies to any business.

### **A Mass-Market Mentality**

So, yes, the Web is still so new, the dot-com frenzy created a lot of misunderstanding, and we're still learning. However, this raises other quite significant reasons why online marketing continues to be dominated by a demographic, mass-market mentality:

1. The industry is not training communication and marketing professionals in the art of marketing and creativity. The result is ignorance about classical methods of understanding the consumer buying process and human behavior. Consequently:
  - Advertising and marketing professionals default to following a mass-market model of the post World War II economy, and apply broadcast thinking to the Web.
  - Marketers lack the study and understanding of the importance of consumer usage patterns, and the application of direct and database marketing principles to Internet marketing.
  - Fewer people understand what business questions to ask as the basis for behavior-driven marketing -- for example, points on positioning, price, promotion, distribution, and

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- packaging -- to be able to create an effective marketing plan that stimulates trial and usage for sustainable businesses.
    - Industry emphasis on broad-based generalizations about demographic audience profiles relegates online to tactical status, e.g., primary consideration is given to how to execute rich media, email blasts, or the equivalent of television online. Ever decreasing click-through rates indicates a lack of understanding of consumer usage behavior. The consumer is telling us something...
  - 2. Organizations that drive marketing and communications from the agency and client side continue to be organized around the mass-market model. The principal is to create economies of scale in the offering of goods and services, and then support the volume produced by growing the buying audience; this is a demographic-driven approach.
    - The Web raises the opportunity and question of accountability or ROI. By contrast, the norm for a general marketing and communications plan is to focus on indirect goals for success. For example, survey measures of attitude and awareness for such points as brand consideration, preference, or purchase intent. None of these gauge or gather data of actual consumer behavior or actions in the buying process.
    - It's a good bet that some organizations undercut
  - 3. Mass marketing that delivers broad audience demographics continues to pay for media companies and large advertisers. Despite dramatic reductions in audience viewership the television networks continue to command huge price increases. .
    - The 2003 to 2004 upfront network buy was the largest ever. Big companies continue to invest in broad-based media because of awareness-driven goals. Moreover, their advertising and marketing spending remains a comparatively smaller part of corporate expenditures so the pricing has not yet discouraged spending. However, companies with smaller brands are being priced out of this market.
- change efforts because the impact of behavior or performance-driven marketing can be so profound. Unless a company considers organizing itself around behavior-based marketing, then it might be better off not knowing the marketing campaign's ROI. Therefore, there's a natural aversion to stepping outside of an organization's cultural practice to say one is willing to become ROI accountable for a campaign's marketing performance when it was never required before.
- For now the adage appears to be you can't go wrong in your marketing organization if you buy NBC. This is what people use to say about buying IBM for all technology-related purchases.
- This will all change of course, though not at Internet speed. It is most likely that newer and more entrepreneurial companies will adopt behavior-based marketing as a

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customer-driven operating principle for their success. The law of supply and demand will eventually erode the value of demographic-driven mass marketing, thereby, enhancing the value and true potential of the Web as a commerce medium.

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