

Long Live The Experience Economy

19th-century department store magnate John Wanamaker once famously quipped, "Half the money I spend on advertising is wasted. The trouble is I don't know which half." A certified fan of advertising, Wanamaker highlighted a key business tenet – advertising saturation – still relevant in today's market.

Although agencies may deny this, many marketing executives still face this dilemma because of advertising saturation refers and ad spend which no longer delivers returns they're hoping for. It has become increasingly evident that in some instances more than 50% of traditional ad spend may be sliding down the drain.

Once the 'advertising wastage' figure slides beyond 50% advertisers have some serious thinking to do. Most of this thinking can be summed up in the following question: 'Could we be generating more sales with the same spend?' Enter the experience economy. Experiential marketing recognises that in the context of global competition and price/product parity, traditional advertising mediums are often unable to deliver the sales required for profitability.

Experiential marketing also recognises the paradox of consumer culture, namely that buying and consuming products often does not notably increase the consumer's happiness or satisfaction, despite the bright and shiny promises that underpin advertising campaigns.

Ultimately, experiential marketing works according to the premise that there are a multitude of highly complex and extremely important human emotions surrounding commercial transactions, and that by focusing on the totality of the commercial experience brands can ensure that, once they have pulled customers into stores, they are also able to stimulate and maintain strong point of sale activity.

A good example of experiential branding comes from Starbucks, the global coffee powerhouse. Not many people are aware that Starbucks owns a record label. The label, Hear Music, released Ray Charles' Genius Loves Company album – which won multiple Grammy's and sold millions. Significantly, some 24% of sales occurred at Starbucks outlets.

More recently, Paul McCartney became the first pop artist to actually sign directly with the label. In an era of radically shrinking over-the-counter CD sales, selling music through a global coffee franchise makes obvious distribution sense. But more interesting is the deeper experiential motivation behind the Starbucks move.

Ultimately, the incorporation of music into Starbucks' offering signals the brand's understanding of the centrality of the brand experience to its customers. You can get a good cup of coffee in many places, but what Starbucks offers, and has always offered, is a unique and satisfying experience. By adding a strong range of carefully selected

musical offerings to the Starbucks experience, the brand is nurturing its long term market share and ensuring that it doesn't lose ground to rivals easily able to mimic its core offering. In many ways Starbucks' move with its record label harks back to Richard Branson's early entrepreneurial days with his Virgin music stores, which were designed almost entirely with the brand experience in mind – from the bean bags to the listening booths to the type of people working the till.

It was these music stores that ultimately launched the Virgin empire as we know it today. Martin Lindstrom – one of the world's authorities on experiential and sensory branding – had the following to say in a 2005 article, titled Senseable Branding: "With support from the international research institute Millward Brown, a team of 600 researchers undertook an 18-month qualitative and quantitative research project to study this question across 13 countries.

The findings are nothing short of mind-blowing. They revealed that 97 percent of all brand communication today is focused only on our two of our five senses – what we hear and see. But in sharp contrast, 75 percent of our emotions are generated by what we, in fact, smell. Indeed, the study found that smell is our second most important sense (followed by hearing)."

Thanks to the pioneering work of people like Lindstrom, consumers are increasingly (and often unknowingly) living in the realm of sensory branding. Airlines and motor vehicle brands ensure their custom developed scents envelop

airplanes and cars. Internationally, the likes of Nike, Abercrombie & Fitch and H&M dedicate significant effort to ensuring that their in-store play lists are widely considered to be pioneering selections and key definers of future radio hits. Indeed, increasingly these iconic brands define upcoming pop culture trends with their in-store play list selections.

While this media power does wonders for brand equity in the long term, it also ensures that point of sale activity is constantly stimulated through a high quality, unique in-store experience – one that is, in many ways, diametrically opposed to the generic retail experience consumers have been living with for decades. The realm of modern experiential branding extends well past the mall or shop floor to almost any facet of a brand interaction one can imagine.

McDonald's, for example, once signed a deal to integrate its brand into the plot and logistics of a leading video game, *The Sims Locally*, the majority of South African brands seem to have engaged with a rounded and powerful brand experience only in very recent times, and certainly do not yet pay nearly the same attention to the deeper dynamics of the brand experience as the international powerhouse brands. Kulula.com probably comes out as the South African experiential branding winner for its dedication to the delivery of consistent experience at all possible points of interaction.

However, when viewed in light of international brands' work on the shop floor and at point of sale, South African players have a long way to go before they can be said to have acted decisively on the blizzard of options available in the experiential brand space. And it is perhaps within this blizzard of options that local brands face their biggest challenge in the coming years. We already live in a world where culture jamming, consumer activism and protests against multinational brands and globalisation have reached an all time high.

Brands that go charging into the very complex and fragile realm of all five human senses need to get the whole strategy right, from the word go. The alternative is to have invaded your consumer's most intimate areas, probably uninvited, and to have disrupted them.

The consequences of this are easy to guess. For brands seeking to become active in the world of the human experience, there is surely only one lesson that matters. Work with the experts. Anything else could be disastrous.