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Consumer Resistance to Marketing Reaches All-Time High
Marketing Productivity Plummet, According to Yankelovich Study

-- Yankelovich President J. Walker Smith Addressed Topic at AAAA Conference Today --

MIAMI, April 15, 2004 – The growing intrusiveness of marketing and advertising has led to a saturated marketplace, pushing consumer resistance to an all-time high and causing marketing productivity to plummet, according to a proprietary study by Yankelovich Partners, a leading marketing services consultancy.

In a speech today at the American Association of Advertising Agencies (AAAA) Conference in Miami, Yankelovich President J. Walker Smith identified a number of reasons why marketing productivity is deteriorating, due in large part to consumers drowning in an overabundance of data and information that fails to meet their needs and desires. Marketers can reverse this trend, Smith contends, by doing what consumers prefer. This means moving toward a model in which marketing practice itself is viewed as a source of competitive advantage and away from the current pattern of marketing saturation, clutter and intrusiveness.

According to the Yankelovich study, 60% of consumers have a much more negative opinion of marketing and advertising now than a few years ago; 61% feel the amount of marketing and advertising is out of control; and 65% feel constantly bombarded with too much marketing and advertising.

“Marketers haven’t done a lot to create positive views of their industry,” said Smith. “But they’ve done many things – unwanted spam and telemarketing, guerilla marketing, intrusive ads covering every blank space and less targeted, less informational communications – that create more negative views. It’s time for marketers to focus their business models on how to better deliver the kind of marketing that consumers really want, instead of assuming that consumers are happy with fending off a daily deluge of marketing. The era of consumer resistance and control has begun.”

A Changed Marketplace

Saturation marketing models presume a marketplace and a consumer that no longer exists, according to Smith. Competition, communications clutter, product proliferation and better quality have changed the landscape. Consumers are more experienced and sophisticated with more technology at their disposal, but they are also disenchanted with marketing and increasingly concerned about intrusions and privacy. For example, in addition to the findings noted above:

- 59% feel that most marketing and advertising has very little relevance to them
- 64% are concerned about practices and motives of marketers and advertisers
- 61% feel that marketers and advertisers don’t treat consumers with respect
- 65% think there should be more limits and regulations on marketing and advertising
- 69% are interested in products and services that would help them skip or block marketing
- 33% would be willing to have a slightly lower standard of living to live in a society without marketing and advertising

“Marketing saturation models only work when more marketing creates a noticeable breakthrough that consumers welcome,” Smith said. “The traditional assumption that consumers can deal with clutter by self-selecting what to watch ignores the evidence to the contrary – that choosing from a super-abundance of options makes consumers less likely to choose at all and less satisfied when they do make a choice.”

Strong consumer spending has blinded marketers in recent years to the spread of marketing resistance, suggests the Yankelovich study. “The real issue is the productivity of marketing, regardless of the strength of the marketplace,” said Smith. “The power and productivity of marketing are declining rapidly and, thus, so is the contribution of marketing to profitable, high-value growth. Even with more sales, declining productivity does not bode well for marketers. The marketing industry thinks that spammers and telemarketers are the problem, but our data clearly identify a huge problem for mainstream marketers.”

In the Yankelovich study, 53% of consumers polled said that spam had turned them off to all forms of marketing and advertising. Thirty-six percent of consumers polled in the Yankelovich study said that the shopping experience is less enjoyable because of pressure to buy and 53% said that for the most part, marketing and advertising does not help them shop better.

The Missing Link

The key to breaking through consumer resistance is to approach marketing practice as a source of competitive advantage itself instead of merely a way to communicate a message about a brand. “If we hold marketing and advertising to this standard,” said Smith, “then rapport and respect will put an end to clutter and saturation.” In practical terms, this means truly delivering precise and relevant messages geared toward specific individuals, while empowering consumers and providing reciprocity of some kind for their time and attention. The key element for building this kind of marketing practice, and the missing link in marketing today, is that of “addressable attitudes.” Focus on what really matters to individual consumers, and then employ vehicles that link the attitudinal interests of individuals to specific marketing campaigns. This is more than just gearing efforts toward target groups instead of blanketing the market. This is matching pertinent attitudes to a particular name and address. This provides what it takes to establish the sort of compelling connection that will boost marketing productivity.

For example, Smith noted that when a regional bank wanted to market a premier checking account to an audience of 750,000, two approaches were employed in a mailing sent to the 50,000 customers predicted to be the most likely to respond. One was the traditional approach of sending one standard letter to the target audience. Another employed attitudinal data to group the audience into 11 subsets based on motivations and interests. Each attitudinal group could be linked to specific addresses. Eleven different

types of letters were then crafted to best appeal to each subset based on addressable attitudes. As a result of using the addressable attitudinal approach versus the blanketed method, the bank realized a 40% higher response rate and a 50% boost in the average value of new checking accounts among customers already predicted to be highly likely to respond.

“It's not that marketing is no longer effective, it's that current marketing strategies are based on a marketplace and a consumer base that are not what they used to be. So the rising cost to be effective in the face of growing consumer resistance is lowering marketing productivity,” Smith said. “But advertisers have a new opportunity to turn marketing practice into a source of competitive advantage for a brand. The marketing itself is now part of how consumers view a brand. Differentiation on the basis of marketing practice can boost brand perceptions. And when it happens, the results can be dramatic.”

About the Yankelovich Study

Since 1971, The Yankelovich MONITOR[®] study has gathered and trended the values, motivations and attitudes that shape consumers' buying decisions and interactions in the marketplace. Every year, Yankelovich reports on the most telling trends from MONITOR – those that will have the biggest impact on marketers over the coming year. These insights are critical as companies consider their positioning in the overall marketplace with their mass media, retail presence, and web efforts. They also help lead strategic thinking, product development or product extensions, and customer relationship management efforts. The 2004 Yankelovich MONITOR recontact survey of 601 respondents age 16+ was fielded from February 20-29, 2004.

About Yankelovich Partners

Yankelovich Partners (www.yankelovich.com) is a marketing services consultancy providing information, database and segmentation solutions that deliver breakthroughs in marketing productivity. Yankelovich clients include Fortune 500 companies in the retail, financial services, agency, consumer products, technology, automotive, media, entertainment and insurance industries among others. For over 30 years, the Yankelovich MONITOR[®] has tracked and forecasted consumer value and lifestyle trends. MindBase[®] links the MONITOR information on why people buy directly to databases of customers and prospects. The Segmentation Company, a division of Yankelovich, provides proprietary needs-based segmentation solutions. Yankelovich is headquartered in Chapel Hill, NC, with offices in Norwalk, CT and Atlanta, GA.