

BY DON E. SCHULTZ

WHEN FREE IS NO LONGER ENOUGH

EVER SINCE JIM STENDEL of Procter & Gamble startled the promotional world with the phrase “the marketing model is broken,” marketers, agencies, media, academicians, pundits ... in short, everyone has been trying to fix it. But marketers can’t fix it. Only consumers can.

And it’s not likely they will.

The model that’s broken is the tacit, tripartite agreement between marketers, media (broadcast in particular) and consumers that, if they would only watch and listen to advertising messages, marketers would subsidize the media, thus providing free, or almost free, news and entertainment.

Government developed the model by declaring the broadcast spectrum public property that should be managed in the public interest. Government regulation provided control. Licensing meant limited broadcasters, providing limited news and entertainment through their outlets.

Great idea, but with a problem ... what would the stations broadcast? Government propaganda had limited appeal. Commercial support was needed. Enter Procter & Gamble, Unilever, Colgate-Palmolive, the auto companies, beer, tobacco (initially) and the rest.

Marketers said, “We’ll subsidize news and entertainment development costs if the media will distribute our promotional messages.” It was a perfect solution. Marketers got audience access. Media offloaded programming costs. Audiences got free, or almost free, news and entertainment. It started with soap operas and will culminate this August with the Olympic Games. It’s free entertainment for the masses, not unlike the entertainment Roman leaders provided the public in the Coliseum a couple of thousand years ago. Give them entertainment and they’ll love you.

The problem today is that free, or almost free, isn’t good enough. Now, it must be not just free but “for me.” It’s increasingly clear: Consumers prefer “for me” over “for free.” Look at the huge amounts people are willing to pay to get what they want—cable, Internet, social networks, SMS, etc. It’s the consumers who have broken the marketing model on which Stengel and his cohorts have so long relied.

It’s no news here that the marketing model is broken. Why? Consumers don’t listen because they don’t have to. News and entertainment is all around them, generally

only a couple of clicks away and for a price they consider fair, or at least acceptable.

It’s the mobile, wireless, social network, blog and clog and slog availability of “for me” at a fair value that has signaled, if not the demise, the continuing debilitation of the broadcast model Stengel and other marketers want to continue. If you spent \$5 billion plus a year, mostly on traditional broadcast advertising, would you want to see the model disappear?

The problem is marketers and media can’t fix the broadcast model. Only consumers can.

The model isn’t broken because marketers and media haven’t kept their end of the bargain. They have continued to provide more and more “free or almost free” news, entertainment and even spectacles, such as the Super Bowl. They’ve invented new entertainment events and sponsorships to keep the perceived hungry masses satisfied. NASCAR, the endless college football bowl games and the recently Kia-sponsored Australian Open tennis tournament are examples. “Free or almost free” news and entertainment—if only you’ll tune in.

The problem today is not enough consumers are willing to give up their time to listen to more “messages from our sponsors” to offset the cost of media subsidization. Advertisers like Nokia, Dell, Toyota, Intel and the like willingly continue to provide funding for media news and entertainment subsidization. The media willingly continue to distribute it, no matter how inane or irrelevant, but consumers increasingly go elsewhere.

So, unless and until consumers—who now have almost unlimited access to “for me” news and entertainment through a plethora of media forms, such as mobile, wireless and the like, all of which they seem to consider fair value—are willing to return to the old “for free or almost free for all of us” model, the broken model Stengel laments can’t be fixed. No amount of research to capture consumer engagement or access or “opportunities-to-see” or even simultaneous media exposure will matter unless consumers are out there, in front of the subsidized media forms, willing to give up their time and attention to the “free or almost free” news and entertainment the traditional broadcast model demands.

Increasing numbers of consumers are increasingly less interested in the subsidized news and entertainment that is the basis for the broadcast model. That doesn’t

mean traditional media will disappear; it simply means a new model will be required. Trying to fix the old one seems irrelevant.

Reruns of Lucy, Beaver Cleaver and Lawrence Welk will continue to generate audiences in developing markets where mass “free or almost free” news and entertainment is still unique. In developed markets, however, no fix for the traditional broadcast model seems possible. Free, or almost free, mass news and entertainment isn’t enough to get consumer attention. It’s time to move on. Find a new model, and stop trying to fix the old one.

That’s not good news for traditional advertisers, agencies, media, research firms and promotional suppliers. But then, giving stuff away for free has always had a limited life cycle. **m**



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