

Infinite ROI

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Serving coffee and expert financial advice: an ING Direct cafe in NYC
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Scope

Thought Leader Joe Pine reveals the secret of creating potentially infinite ROI with experiential strategies that pay for themselves and get customers excited about – and eager to pay for – exposure to marketing messages.

Spending time makes money

You've heard the phrase over and over again: time is money. You know it's true in your business, where reducing the amount of time spent on any task flows to the bottom line. So we seek to lop years off product development cycle time and take months off strategic planning. We look to reduce our in-process inventory by weeks, delivery by days, setup time by hours, and our computer system downtime by minutes. And we skim seconds off our advertisements to stretch our marketing budget.

Time is money for your customers as well. If they are businesses, then you may recognize that they, too, need to take months off this and days off that, and as a supplier, if you can help them do it, you can save them money and make more besides. If your customers are consumers, then making interactions (in-store or online) easier, more convenient, and quicker saves them time, and brings you more business.

So we realize that saving time makes money. But have you considered that for your customers the opposite is just as true: spending more time means making more money. The more time you get your customers to spend with you – in an online or real-world place that you create to immerse them in an experience you designed – then the more money they will spend with you.



'Experiencing' old Heineken ads
Canvas8 ©

From B2B to P&G: experiential successes across the board

That is why Recreational Equipment Inc. (REI) includes such experiences as bicycle trails, cross-country skiing tracks, kayaking, and mountain climbing (for which it charges US\$15, US\$5 to members) inside and outside many of its stores. The more time customers spend doing these activities, the more likely they are to buy the merchandise that enabled them. That's also why companies are creating so many brand showcases – such as the Heineken Experience in Amsterdam, Volkswagen's Autostadt in Wolfsburg, and the Guinness Storehouse in Dublin – where consumers can spend time immersed in the brand, sampling the product, and purchasing memorabilia.

The same principle applies in business-to-business marketing. Case Corporation, the construction equipment manufacturer, created the Tomahawk Experience Center in the northwoods of Wisconsin so that its potential customers could try out its equipment in a fun atmosphere, often for more than a day at a time. The company

did a study and found that customers were four times more likely to purchase after the Tomahawk Experience than from normal distributors.

When done right, such marketing experiences – experiences that do the job of marketing by generating demand – even work for low-involvement products. Procter & Gamble's Charmin unit has placed the *Charmin Restroom Experience* – yes, you read that right, the Charmin Restroom Experience – in Times Square in New York each of the past three Christmas seasons. People walk through the doors and ascend a long escalator where they encounter “brand ambassadors” singing (literally!) the praises of Charmin toilet paper. They wait in a

queue – yes, wait, from a few to a score or more minutes – for the opportunity to use a restroom (which the company cleans to a sparkling shine after every single use) and be exposed, if you pardon the expression, to Charmin toilet paper. The very first time P&G did this, it engaged over 425,000 people for an average of 22 minutes, with over 450 million media impressions and a corresponding rise in sales.

Or consider American Girl, the high-end doll company owned by Mattel. It created a number of retail experiences – not stores per se, but American Girl Places as well as Boutique & Bistros – filled with admission-fee experiences, from live theatres to cafes and bistros to doll hair salons, doll hospitals, photo shoots, and the like. The original Place opened up just off Michigan Avenue in Chicago in 1998, where the average family walking through the doors did not leave for *four hours*.

Infinite ROI: ING Direct cafes

Service providers can also take advantage of the axiom that the more time customers spend with you the more money they hand over. The big Dutch bank ING went into the North American market a number of years ago with no brand recognition for its Internet-based arm, ING Direct, and so started dotting the landscape with ING Direct Cafes. These are real, live working cafes where the baristas spend two days learning about how to make great coffee – and two months learning about financial offerings. They engage guests in conversation about their financial needs, with the goal of having them move their savings accounts over to ING or refinance their mortgage with ING funds. And it works. By my calculations, ING's cafes in New York, Philadelphia, Los Angeles, Chicago, and a few other places have resulted in over \$1 billion in new accounts for the company.

More amazingly, they have done so at zero cost. What guests pay for the coffee – and maybe a biscotti, as well as other treats and items – covers the costs of the cafes!

Now think of what that does to the normal return-on-investment equation for marketing, incremental revenue divided by costs. Because of the great experience provided – so great people are willing to pay in order to be marketed to – the costs are covered and the denominator of the ROI equation goes to zero. Meaning ING Direct gets infinite ROI on these marketing experiences.

The opportunity for brands

Few companies can achieve that level, of course, but think of how many examples cited above charge admission for their experiences, greatly ameliorating their costs and vastly increasing their ROI. Because they create a marketing experience actually worth experiencing.

So stop advertising and start creating such marketing experiences. Ok, perhaps that's too strong. Advertising still works best when you need to reach a lot of people – to announce a new offering, to move into a new geographic area, to create a new brand positioning. But in virtually every other situation marketing experiences will yield better results, and demonstrably so, by getting your current and potential customers to spend their hard-earned money – and harder-earned time – with you.

Further reading

rei.com
volkswagen.com
guinness-storehouse.com
heinenexperience.com
charmin.com
americangirl.com



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Joe Pine is an internationally acclaimed author, speaker, and management advisor to Fortune 500 companies and entrepreneurial start-ups alike.

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Industry	Experiential Alcoholic beverages Cosmetics & toiletries Media & entertainment Retail
Location	United States Dublin Amsterdam
Keywords	Experience Time Activities American Girl Volkswagen Guinness Heineken Mattel ING Direct