
Crafting A Successful Agency Model: Two Parts Method. One Part Magic.

The Basement applies intelligence architecture in creating an integrated operating system that delivers real ROI. *Abracadabra.*

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EXECUTIVE SUMMARY

New channels and data technologies continue to fuel the paradigm shift toward realizing provable ROI for clients. Establishing an architectural framework for delivering demonstrable outcomes is more crucial than ever. Therefore, the magic word for today’s successful marketing communications agency is: “method.” Substitute “process,” or “system,” or “structure,” but the objective remains the same – real, attributable results that can be replicated, continually optimized and successfully acted upon.

For The Basement, that means that all roads lead to integration. According to Facebook, 32% of people who see and interact with mobile ads wind up converting on a different device at a different time.¹ What’s more, according to Eric Schmidt, former chairman of Google, we need to be thinking about a “multichannel majority.” The majority of consumers – especially in Western markets – use tablets and desktops for more in-depth research and purchase, as opposed to relying only on their mobile phones.² In fact, almost half of all people who search on a mobile device convert on a different device than the one they searched on.

It is essential that our strategies are tailored to deliver across numerous platforms and screens, as well through myriad channels. Channels that are constantly evolving. We need to be where customers are and, today, that could be anywhere at any given time. Our tactics must closely align with the customer journey and reflect a cohesive, disciplined and *creative* approach to planning, visualizing, executing and reporting on integrated marketing campaigns and experiences.

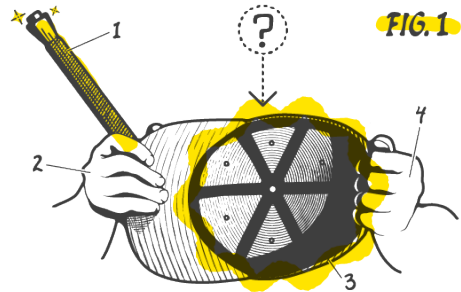
This paper explores those aspects of the The Basement’s Integrated Agency Model that directly impact successful outcomes for our clients. Or explain and help rectify any lack thereof. It also provides some insight into the framework that the agency has developed over the better part of a decade specifically to make that happen. It is an operating system that has become the foundation of everything we do, strategically (with an impact on ROI) and tactically (with an impact on ROAS) and creatively (with an impact on the work itself). From needs assessment, strategy development, tactical execution and optimizations through to actual conversions, there is a method to our magic.

THE ANATOMY OF A MAGIC TRICK:

A magic trick is composed of three parts.

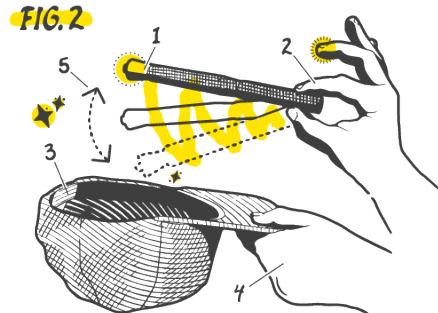
Part 1: The Pledge

The simple set up of the premise and the setting of expectations.



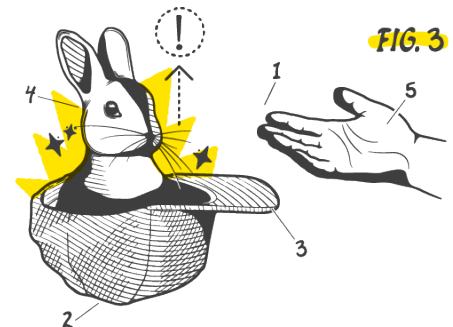
Part 2: The Turn

Where the magic first happens; where the bird disappears, the woman is cut in half, the card is revealed.



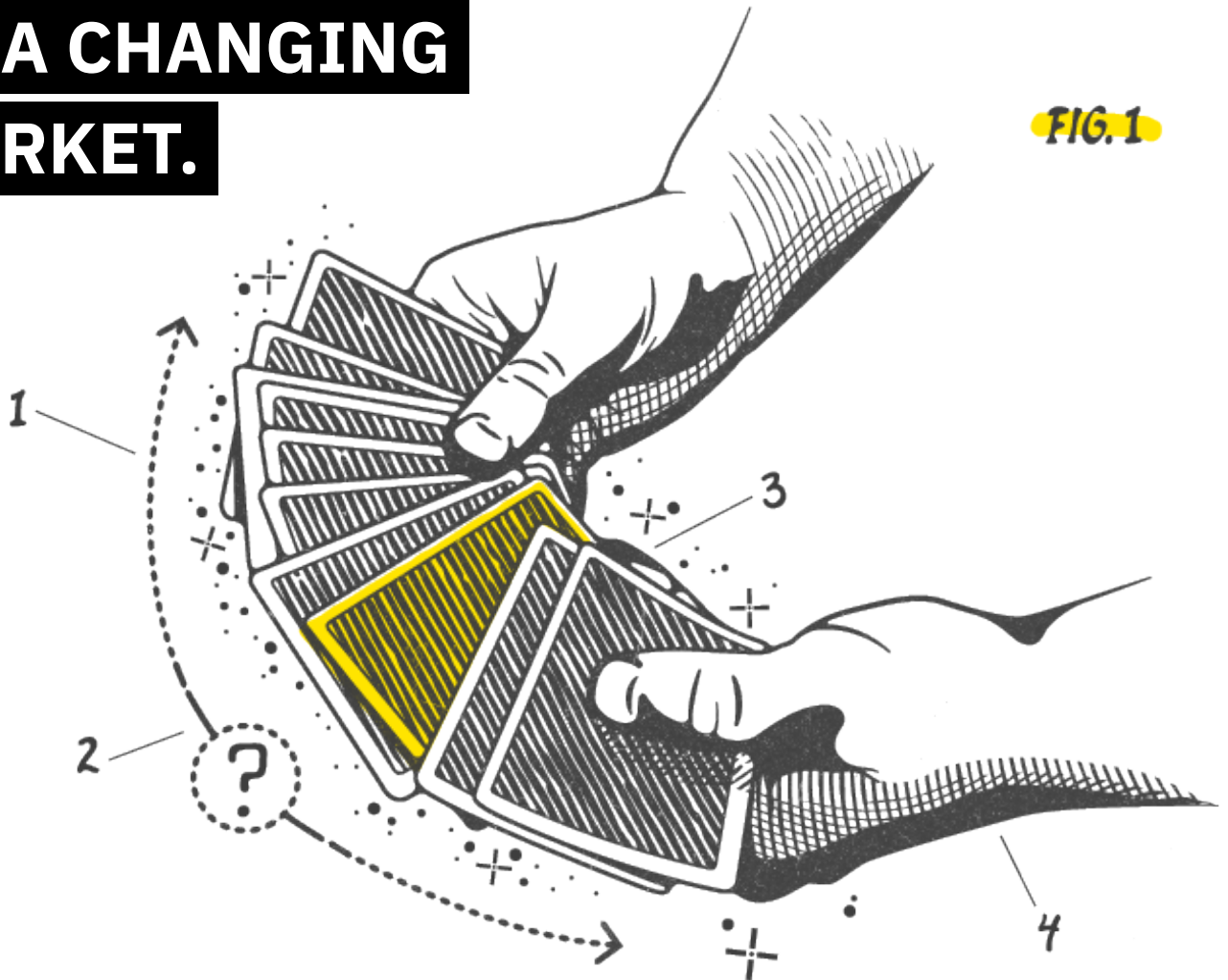
Part 3: The Prestige

The aftermath; the place where the bird reappears, the woman is put back together and where surprise and wonder echo.



THE PLEDGE

A NEW APPROACH TO A CHANGING MARKET.



There's nothing up our sleeves. It's all in the numbers. Perhaps at no other time in the marketing communications space have these words rung more true. Ad spending in digital channels continues to outpace that of traditional strategies as the demand for accountability and ROI grows.³ And while qualified impressions are still as valuable as ever, the need for conversions – and an ability to drive to and measure them – is unprecedented.





We'd be remiss in only sharing where we are and where we're going without providing a little perspective on where we've come from.

In the immortal words of Arthur C. Clarke: “any sufficiently advanced technology is indistinguishable from magic.”

Business intelligence, analytics, multivariate testing, conversion rate optimization and the strategic application of emerging martech resources, technologies and platforms are but a few of the strategies and tools that, today, are making for some magical outcomes. And there is even more to come – and room to grow – as we learn more and utilize the array of technologies at our disposal. Inconceivably, only 44% of companies are using some form of split-testing to measure the efficacy of their marketing efforts.⁴ This includes testing specific channels, testing different strategies and testing the creative, itself. This pros-

pecting for insights are among a number of techniques we are working with that aren't being generally used industry-wide to their full potential.

Conclusion? If all of your marcom efforts aren't mapping to the customer journey and delivering conversions via truly integrated outbound and inbound channels, they should be. We've been working from the outset to refine both the processes and strategies that will allow us to make this happen.

Right From The Beginning

We'd be remiss in only sharing where we are and where we're going without providing a little perspective on where we've come from; the foundation upon which all of this was built.

The Basement began as a rich-media studio delivering online experiences, 3-D animation and motion design across a wide range of channels. Our creative roots were firmly planted in the color, chaos and the culture of street art. It started with a team of collaborative artists and anarchists looking to change the world through hip-hop music, graffiti writing and the painting of high-concept murals. Over the years, this has evolved – with the help of necessity, maturity, a sense of responsibility and technology – into a business founded in principles, ideas and ideals.

The precepts of collaboration, ideation, competition and craft – and the fundamentals of good storytelling – were all present as far back as those early days, though perhaps



in a more primitive form. The framework that we'll be exploring with you (or "integrated operating system" as we like to call it), has literally been more than a decade in the making, its genesis pre-dating the founding of The Basement itself. It wasn't something we read about in any number of ubiquitous and revelatory marketing books authored by any number of ubiquitous gurus or wizards or marketing mavens. It wasn't something we picked up from a website. It was – and is – a concept based in collaborative learning and the development of a robust intelligence architecture. It's also a combination of innovation, risk taking, street smarts, revolutionary technologies and human insight and intuition. There's also a bit of luck involved, but then, isn't that true for a lot of things?

We listened. We paid attention. We dared to make mistakes (and made our share). And from that was born the culture, method and the magic of The Basement as it is today.

Why "The Basement?"

It's not about where we are located, but about what's possible in maker spaces. Throughout history, places such as these were where curiosity, imagination and ambition went to roll up their sleeves and get to work. Safe places. For some, it was a garage or shed. For us, it's The Basement.

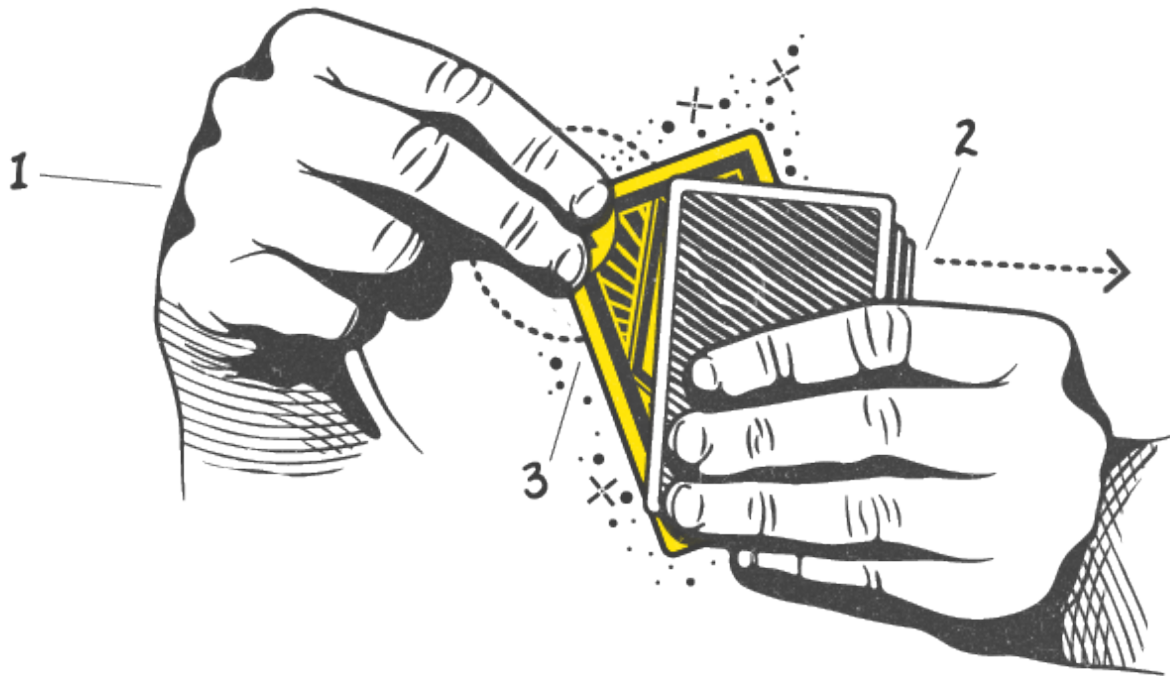
As for what The Basement is, we are modern storytellers; taking traditional story process and structure, testing it, and then applying insight and creativity to generate smart new ideas and evolving, compelling narratives. We're also strategists; using data to develop and evolve the stories we tell. We believe that there is no substitute for setting a solid strategic and tactical creative foundation. Or for knowing the difference between the two.



THE TURN

CONVERSION, BY THE NUMBERS

FIG. 2



When clients enter into a partnership with any agency, they are investing in gaining a deeper understanding of their brand(s), their market(s) and their customer(s). The goal is to turn understanding into a consensus of direction, strategy, messaging and execution. The degree to which this is successful is directly dependent upon setting clearly established and trackable outcomes that are effective, cost efficient and repeatable.



Success is measured by conversions. By results. Bryan Eisenberg, in his presentation *Confessions Of A Conversion Rate Optimizer*, says that “conversions are what happens when your goals and your customer’s goals align.”⁵

We couldn’t agree more, which is why so much of our intelligence architecture, our process, our creative – our work – is predicated upon discovering connections with the consumer and delivering measurable results. More than half of online marketers, for instance, say they recognize the need to use customer journey analysis to improve conversion rate.⁶ And yet most don’t. Nor do they actually work to cultivate it. Only \$1 is actually spent on conversion strategies and executions for every \$92 still being spent in customer acquisition.⁷ What’s with that? And that in a marketplace in which the average ROI on something like Conversion Rate Optimization alone is 223%.⁸ We’re not facing a traffic problem, concludes Bryan Eisenberg. We’re facing a conversion problem. And the solution begins - and

ends - with the customer and his or her own very distinctive and personal journey through the purchase funnel.

The Purchase Funnel

Our take on the purchase funnel expands on a familiar concept. While we map our initiatives against a continuum from Awareness through Consideration to Intent, our “operating system,” as you’ll see, also incorporates a robust exploration phase that drives the consumer journey from Influence to specific Destinations and from there to an actual Purchase or Transaction. It’s a more active approach – more direct, we feel – fueled by continual exploration and empirical testing. First-party data generally lives lower on the funnel. The challenge is understanding and making the most of insights closer to the actual point of conversion. While we sacrifice a little with regard to reach, it’s mitigated by the quality of the data and the delivery of more qualified impressions. We can also subsequently apply this valuable learning higher up the funnel as we continually evolve our strategies.



The Customer Journey

Our take on the customer journey is also slightly different; we see it as the unique path that connects a collection of destinations on the way to a conversion. Or not. Each destination or outcome – be it an enterprise site, a co-op landing page, a trade show booth, or a bricks and mortar retail location – delivers its own, distinct user experience.

Put these destinations together, aggregate the experiences the customer has at each touchpoint or milestone, and voila, we've begun to quantify and gain a deeper understanding of the customer experience. By applying the proper intelligence architecture and analytics along the way, we are able to identify not only if it's a good or bad experience, but also be able to explore why or why not.

We approach every customer journey uniquely. For each, we establish a sequence of Key Performance Indicators (KPI) – be they for media, creative concept and strategy, messaging and/or channel performance – and we measure against them, evolving our efforts accordingly. And al-

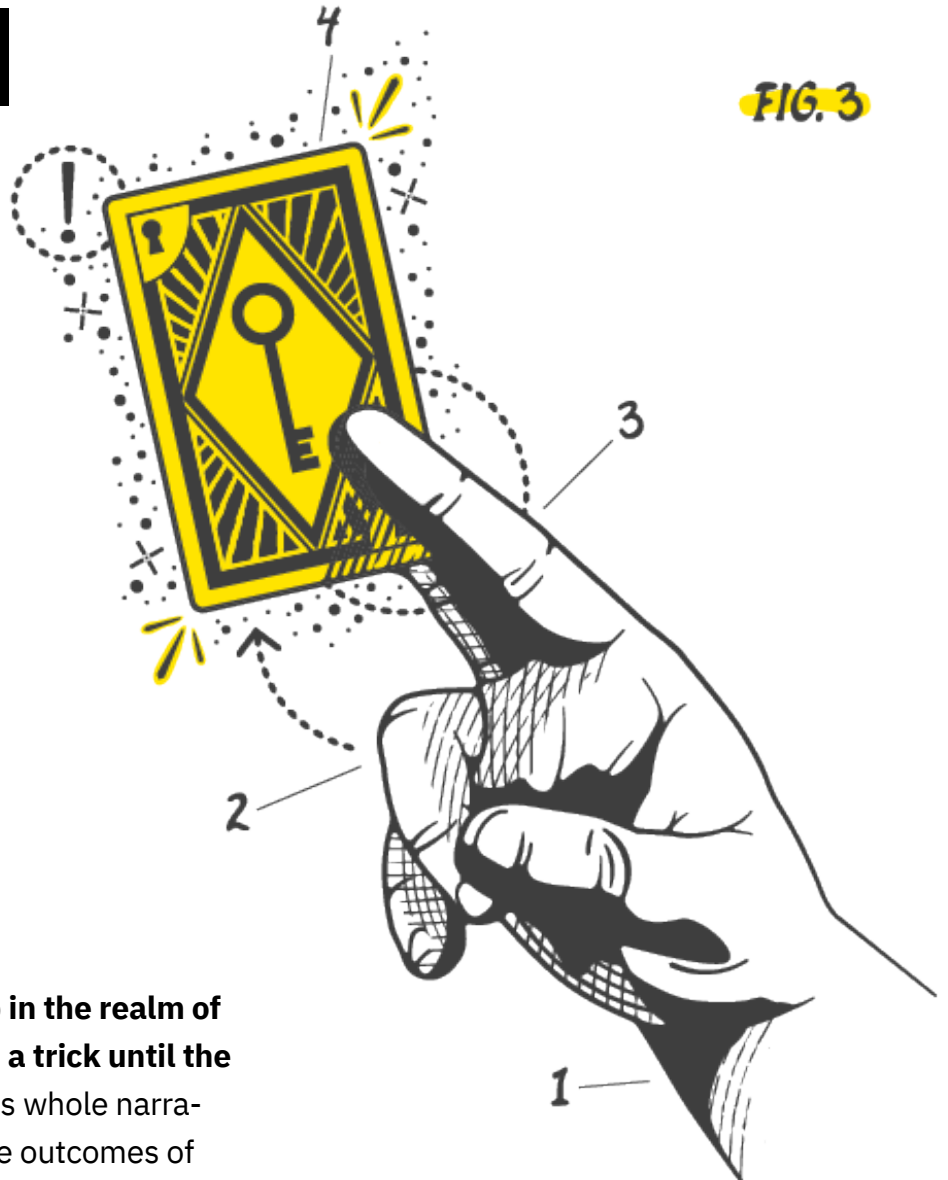
though the consumer journey traces through the purchase funnel, we can't lose sight of the fact that we may not be able to draw a straight line from touchpoint to touchpoint to touchpoint. Because each journey is unique, we may find ourselves answering questions our client partners didn't even know they had.

That's why we've been working to develop and refine disciplined systems for managing the complexities of what we're facing in a rapidly, ever-changing marketplace. That's also why we've developed a collaborative culture and style of working – both within the agency and with our clients. This puts everything out there, clearly defining what we're doing and where we're taking it.



THE PRESTIGE

INTEGRATION AND OTHER TRICKS OF THE TRADE.



There's an old rule of thumb in the realm of magic that one never explains a trick until the show is over. We're building this whole narrative on the notion that, while the outcomes of what we do may ultimately seem like magic, in truth, what we're talking about is method, experience and good old-fashioned hard work. So perhaps we'll be forgiven for sharing a little.



The Basement OS

We build everything to align with the various milestones or touch points along the customer journey. Everything converges at the transaction. Against that backdrop, we overlay our marketing strategies, integrated inbound and outbound tactics, the specific technologies, resource partnerships and platforms we're looking to leverage and, ultimately, the story we're looking to tell. Next, we create all of it to support a sequence of Key Performance Indicators which become the foundation for testing and more testing. This constantly informs and guides improvements. It also allows us to carve a successful path from the earliest stages

of influence and awareness through to purchase, which is the ultimate Key Performance Indicator (KPI). Presto!

Integrated Model

The Basement OS powers all day-to-day internal and client collaboration. Business Intelligence, Account Service, Creative Services, Media and our clients work together sharing insight that informs the work, analysis that assesses the work and evolved strategies that make the work better.

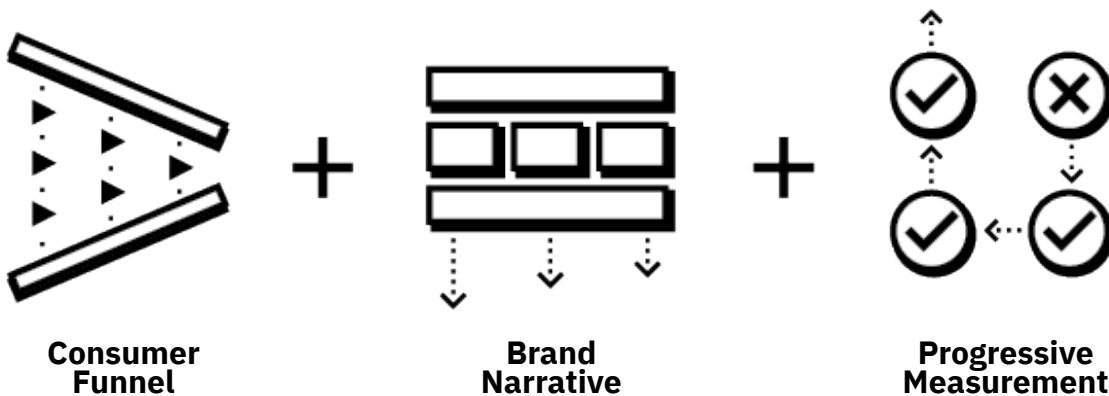
We're often asked if having such a methodical approach in any way hurts the creative product. It doesn't. It facilitates it and provides a foundation for good, smart,

creative work. Fitting big ideas into small spaces. That's the challenge we're all facing as channels change, platforms evolve, tactics are strategically refined and, to paraphrase Marshall McLuhan, "the medium becomes the message."

Central to our integrated model are four key areas of focus that help differentiate us and directly impact the work we do for our clients:

- Needs Assessment
- Strategic Development
- Tactical Execution
- Analytics & Optimization

MODERN STORYTELLING



Needs Assessment

Once a new client partner is onboarded and introduced to our systems and processes, this is that time for us to roll up our sleeves and get to work.

We look at a brand's story, existing insights and the various strategies and tactics within the context of our OS, we can identify any gaps that appear as well as identify specific destinations that may represent inefficiencies or just aren't performing. This helps us to immerse ourselves in a brand and its market dynamics and provides a jumping off point for us to begin delivering real value as we start to develop a fully integrated plan of attack.

Strategy Development

Translating the results of our preliminary needs exploration into an actionable, integrated strategic recommendation provides the impetus for the work we do. At this point, we've assembled a core team comprised of key players from business intelligence, account management, creative and media. They collaborate – white board at the ready and markers in hand – to turn insight into action. This is where

we establish preliminary brand narratives, mapping them into the OS with all of it based upon the learning we've uncovered.

Execution

Once the strategy has been agreed upon, the next step is creating work that works. Our Account and Project Management teams shepherd it through the process. The Creative team works their own magic, putting narratives and imagery into practice and exploring those integrated tactics that offer the most promise. Media makes sure we are reaching the right people in the right places. And Business Intelligence keeps the work smart, on point and assesses performance.

Optimization

Everything we think, do or create is ultimately weighed against a set sequence of KPIs. We refer to it as a sequence because we establish specific outcomes and expectations for what we want to accomplish at each milestone plotted along the purchase funnel. Our strategies, our messaging and our tactics evolve based on the intelligence we generate along the

way. And when things don't perform as anticipated? That's just as important, because, again, there is valuable learning to be found in failure.

Collaboration, internally and with our clients, is also critical at this stage of the process. Ongoing analytics and intelligence prospecting, daily internal check-ins, an interactive campaign dashboard, regular campaign reports and comprehensive campaign wrap ups – these are all part of keeping both agency and client teams informed and prepared.





Conclusion

About 100 years ago, famed marketer and retailer John Wanamaker gave voice to an interesting paradox about advertising effectiveness and spending:

“Half the money I spend on advertising is wasted; the trouble is I don’t know which half.”

Machine learning. Automation. The large (and growing) ways that we can prospect for, access and leverage data. These tools allow marketers to gain confidence in the strategies they’re employing and the investments they’re making. They are achieving returns on investment that are no longer surprising, but expected. It is precisely for this no-longer-new marketing ecosystem that The Basement’s own intelligence architecture and integrated operating model have been conceived, developed and implemented over time.

Every second, there are more than 40,000 searches on Google, alone. Facebook users send an average of 31 million messages and view nearly three million videos

every minute. Snapchat users share more than a half-million photos per minute. Nearly 100 million photos and videos are shared on Instagram every day. More than 4 million YouTube videos are watched every minute.’

You get the idea. Bottom line, we need to come up with a word bigger than “big” when talking about data. And we need to have systems and processes in place to harness all the data being generated. More importantly, we need to allow for the leveraging of that data in the compelling, delightful, modern stories we’re crafting to make our marketing efforts more effective and cost efficient.

We have to be where our customers are. And that’s 24/7/365. We have to tell a good story. Doing it right takes intelligence. Curiosity. Ambition. Creativity. Which, in turn, takes structure, process and discipline. Collaboration. Communication. And good, old-fashioned hard work.

And that’s the method behind our particular brand of magic.



Appendix

The authors wish to acknowledge and thank the resource partners, thought leaders and industry innovators whose work has contributed to this article. Thanks, too, for a decade of helping us frame our own thinking about this amazing industry of ours.

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Footnotes

1. <https://adexchanger.com/data-driven-thinking/roi-vs-roas-which-is-the-better-metric-for-digital-advertisers/>
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9. <https://www.forbes.com/sites/bernardmarr/2018/05/21/how-much-data-do-we-create-every-day-the-mind-blowing-stats-everyone-should-read/#24c8e56760ba>

