

Andy Latimer:

Coming up on Bluewater Talks. It's time to pivot, brands can no longer ignore the direct-to-consumer world. It is literally at their doorstep. Since COVID-19 restrictions sent millions home from work, school and play consumer behavior has permanently shifted. Is your brand ready? And are you maximizing the epic opportunity to gain direct-to-consumer relationships that can drive your company for years to come? For our topic today, pivoting from brand to direct, it's a necessity, not an option. I'm joined by my friend, partner and Bluewater Media CEO, Rob Fallon.

Rob Fallon:

Hey.

Andy Latimer:

I'm Andy Latimer. If you're ready for an open conversation on how brands navigate the new normal, keep watching. We're going to have an honest, open conversation about what's real now. This is Bluewater Talks. So Rob, we've been working together, what? Say 20 years almost?

Rob Fallon:

Yeah, just about now. It's been a long time.

Andy Latimer:

It's been a while. We've seen a lot of changes. The transition for most brands accepting the need for direct-to-consumer has never been more prevalent than today. We've had the chance to witness or work with some that have leveraged it well over time, like Shark, Blackstone Griddles, SodaStream, KitchenAid, and Phillips. We've seen some brands that have made that move and made that move well. These brands recognized it early on and needed the need to create that direct-to-consumer relationship with customers. Now, brands both big and small, are now faced with the challenge of how to create a direct-to-consumer relationship with customers in this post COVID world. What do we do? And what should they be looking out for?

Rob Fallon:

If you've ever done anything in sales, no matter if you're a mom and pop or an enormous brand, we can say confidently that sales come down to relationships. And it's about how you manage the relationship with your consumer, whether that's an individual buyer or a type of group of buyers. So who's managing the relationship? And in the big game, the big brand world, we call them CRMs and Customer Relationship Management tools. But really at the end of the day, it's about connecting with people. And you can either do it yourself, or you can continue to feed the machine of retail and distributors and they can own the customer. So it's about who owns the relationship. We, and the DTC world and the branded DTC world, because there is that hybrid space, we're all about making sure that you connect with the consumer directly and start to develop that personal or that professional relationship. And that's what we're bringing you. We're bringing you that, every single day with every single brand, we're trying to build communities, we're trying to build that relationship.

Andy Latimer:

It's really changed a lot. If you start to think about today and you start to think about, what's been going on with COVID, companies have sent people home from work. Schools have sent kids home from school. People who have never engaged in online activity are engaging in online activity.

Rob Fallon:

Yeah. My mom and dad are buying... It's crazy

Andy Latimer:

It really is crazy. So I think the world, as we know it, the consumers we know, has made a shift and we're seeing a new consumer today that we haven't seen before. When you're talking about places where you're seeing sales uptakes of 40% up on Amazon and over a quarter record profits, you're seeing 97% increase in online sales for Walmart. You're seeing 273% increase in single day, day of shipped to the home transactions for Target. The consumer has changed.

Rob Fallon:

They have, it's a watershed moment in history. It's forced people to get comfortable with doing things differently. And it's also forced an apocalyptic event for retailers. And it was an adapt or die model probably a year ago. And now it's, "You better have adapted or you're going to be dead." So I think the consumer is not giving anybody second chances right now. They've got to find other ways to get their stuff.

Andy Latimer:

Well, talking about adaptation, retail alone and the adaptation side of it, you're seeing Sur La Table filing for bankruptcy. You've got high end consumer after consumer going through this transition. The relationships up until today has been a relationship between the retailer and the consumer and those brands that lived in those retail environments. So it's so important for those brands to be existing in those retail establishments because that retailer had that relationship.

Rob Fallon:

Yeah, we said 10, 20 times the product sales could be from those retailers. And now that needle has moved drastically a different direction. Whether it's to a big box or to direct. So you can capture some of those direct sales back because some of these guys are going out of business.

Andy Latimer:

I think the brands that have relied on that experience, the Brooks Brothers, the Neiman Marcus, where it's going to be a struggle for them to rebound and to come back from this from a standpoint. Because they've now faced six months of additional losses on top of losses they were already facing in loss of consumer. Now the consumer has changed. I think it's now more important than ever for the companies like this, to create that direct-to-consumer environment. It's really about, more than just creating a sale.

Rob Fallon:

Yeah. I think it's about creating an affinity to your brand, to your product. And we see, it used to be in the '80s, '90s and early 2000 for direct response, it was about taking your product and becoming a brand. And now it's a little bit of a different mentality. You have to build that brand and that foundation.

We talk about it all the time. You've got to set your foundation right, as a product maker or as a fledgling brand. And when you do, you're starting to connect with your consumer from all the touch points. Whether it's social media channels, or YouTube, or individual outreach, or email campaigns, all those touch points, all that foundation that you're setting up. That's really about saying to the consumer, "I want you to be part of my family, and I want you to be a champion for my brand."

Andy Latimer:

We've seen it for years. And I think you hit on a little bit. There was two types of direct response, direct-to-consumer marketer. There's the direct-to-consumer marketer that just wanted the transaction. "Let me get your damn money and go away from me. I'm going to put it in my pocket. And I don't really care if you like my product. What I'm worried about is getting money in my pocket and then moving on to the next guy, I'm going to-"

Rob Fallon:

Quick money. They didn't need reviews.

Andy Latimer:

Yes. The world definitely changed. They did not need reviews. And there was definitely a path. But I think as that transition, and there was.... If you go, historically, there was this reticence, this reluctance for brands to come into the direct-to-consumer space, because they saw these cheaper products using direct marketing as a tool to sell a lot of product and to move through units. And they didn't want to be unit movers. I've got to look back and look at the ones that saw it early...and let's say Proactive, you look at Shark.

Rob Fallon:

Yeah. Shark was great. They said, "We're going to be disruptive and we're going to look at this differently." And they said, "We're going to go after it. And we're going to go with this, I'm going to put my product on TV and I'm going to get it into the retail shelves." So that was their disruption point.

Andy Latimer:

Remember that steamer show we did all the music on that other studio with Harry.

Rob Fallon:

Yeah. We worked on that one with Harry and his team. And getting the steamer to be even steamier, I think that was always a challenge.

Andy Latimer:

My favorite part about that show is that we had this wall of pipes behind us and that we actually ran water and steam through them to figure that out in the set and build that into a set.

Rob Fallon:

Yeah, that was an amazing-

Andy Latimer:

Man, there was so much water leaking all over that place. But what that became, from the origins of that, which was one of their early, early shows. What became in the origin that came out, it became a brand that now owns the retail shelves in the marketplace. And they did that by driving direct-to-consumer back then, but so much has changed. We've seen it again happen where we take Blackstone. One of our great clients and friends. These guys have been able to grab and create a category by using direct-to-consumer marketing, tied in with proper analysis of it across the board about building a brand by building a community online, building brand advocates, and then supporting those brand advocates and supporting that consumer population with regular content. It's really been a big shift, it's been coming. Right?

Rob Fallon:

Right. The name of the game, when you're going direct-to-consumer, you're going with anything. It's really about what's your innovation. And Blackstone had an innovation. They had a market disruptor, but what they did really, really well is they found a way to build their foundation. And to get it in the hands of people that were going to love it and share it and set the table right. And it's about being ready to catch. We talk about it all the time. We can turn on top-of-funnel TV for you. And that's something we're great at.

Andy Latimer:

And digital.

Rob Fallon:

And digital, we turn on top-of-funnel digital, programmatic, all the channels. We're ready to send people your way, but we want to help you establish the foundation. And if you're ready to catch, and if you're ready to have some of those other relationships to get your product out there, you're ready for a huge campaign. And Blackstone did that very, very well. They found a disruptive product with an innovative USP. A flattop griddle, who would've thunk it?

Andy Latimer:

Who would've thunk it?

Rob Fallon:

Who would've thunk it? Hibachi did, but not this way. And put that in the hands of the consumer, but have all those people out there that test and validate and scream their praises and then turn on top-of-funnel. With TV and digital, transformational advertising and boom, you've got a huge success.

Andy Latimer:

Well, I think building brands through direct-to-consumer and really thinking it from a brand strategies, to your point, you do have to set this foundation guys. You've got to have this foundation that sits out there. You have to have your social audiences. You have to have your web structures. You have to have your purchasing online available, whether that's Amazon, Walmart, or whatever marketplace you're running through at that point. But you've got to be spread there. And then you've got to start getting sticky and you've got to start building layers of content that goes through it. Because when you bring them in the funnel and you bring them through the top-of-funnel, there's this progression of the sale

that starts to happen, that you want to walk that consumer through. And what you don't want to do is lose them on the backend. Because what so many companies do is they design this funnel that just goes straight through and there's nothing underneath it. If the foundation's there, you can drive that funnel.

Andy Latimer:

And that wash that comes out creates, I don't know if any of you ever read Wired Magazine back in the day, and this is probably 15, 20 years ago. They had a chart that they put in there called 'The Long Tail'. And if anybody used long tail marketing, if you're watching out there and you know it's true today, as it was then. Now if you bring them in that funnel and you get that long tail going, the value of the long tail, the value of the engagement with the consumer over time is worth more.

Rob Fallon:

LTV.

Andy Latimer:

It's worth way more than the lifetime value of the customer. Than what you bring in the top at the first, because it just goes on forever.

Rob Fallon:

I think that's what we talk about with this pivot to direct. And of course everybody loves that buzzword, the funnel. Well, it's real. The funnel is real. Where does your customer come from? Where do they enter? What makes them trigger to buy? But part of what we're talking about with going direct is making sure you're managing the funnel and not necessarily letting other people do it. And the funnel, it should be a never ending cycle if you do it right. Because by the time you get them in and you have your customer and they make that transaction and they've been triggered, what are you serving them up next? What is the next thing you're giving them? It's a give-get mentality. And you have to be constantly letting them know you're still here. You're still relevant. You're still great.

Andy Latimer:

Yeah. We saw this obviously Blackstone, we were able to work with them very early in their cycle. And we've had the luxury and been blessed to work with a lot of companies at multiple points in their growth.

Rob Fallon:

Yeah, it's really fun to see.

Andy Latimer:

And Blackstone is one that certainly for us has been one because we've seen the whole growth. Like it was very early on, very, very new in the marketplace. And we were able to help grow that. That kind of opportunity exists for brands today. And I think even more so since COVID, how does that exist for new brands that are coming on the marketplace? And then how do you address those that are now just trying to establish in this new platform are in this new world, in essence, where more people are buying direct and more people are buying online and more people are engaging with content in a new and meaningful way. How can new brands really start to break into that?

Rob Fallon:

Yeah. I think they have to tell their innovation story. They have to show the world why they're better. And we do it all the time in our direct response formula. It's, "hey, what's your problem?" What problem are you really solving for people? What is that key, unique selling prop. If you don't know the answer to that question, start over. So find out what that is, what problem are you solving? How are we going to solve it? What does it do? And how does it work? You've got to answer all those questions. And we even years ago made that song up about it. We'll save that for another podcast.

Andy Latimer:

That's a funny song.

Rob Fallon:

But the idea is how am I introducing you to my innovation? And what is the secret to marketing success? Repetition. The secret to marketing success is repetition.

Andy Latimer:

What's the secret to marketing success?

Rob Fallon:

Repetition. Go back to head on. Apply directly to the forehead. There's this mentality you have to do, if you're going to go direct it's, don't be afraid to tell your customer what you do. You don't have to wrap it up in too flowery of a story. Although that does make for connectiveness with your customer, but also tell them what it does and tell them why you're better.

Andy Latimer:

I think there's the rules of direct-to-consumer that have applied for years and they're certainly still valid today. Don't discount the fact that the reason why you see direct consumer marketing, working even more so today is because more consumers are clicking faster and being able to buy faster. That is the reason. And having that message, driving them that way is important. But as well, I think for brands specifically as brands are making this pivot, because the rumor, if you're a brand you've lost some of your distribution platforms. If a lot of the places that you were selling, retailers are now suffering and having trouble, and there's massive clusters-

Rob Fallon:

And you probably got bit by that. I'm sure some POs are going to be bankrupted out of. Let's just be real.

Andy Latimer:

There's definitely retailers not paying their bills. And there's definitely some companies that are going to be hit and marketers are going to be hit. Well, you've got to find a way to take that product that you're sitting on and put it back in the marketplace. And you either get liquidated, which is usually not good for the brand. Or you've got to find consumers to buy it. And I think that not only is the funnel of getting them into that transaction and that path important, but it's beyond that. You have to create secondarily to that, but almost as important, this culture and this identity of the brand because today's consumer is much more judgmental about who you are as a company, what you're selling, why you're selling it and what your DNA of your company is.

Rob Fallon:

And I think that's a great point. And I think Sodastream is really done a lot to show and to act responsibly in a way that is very green. And that is one of their USP. That they're a very earth conscious company. Their main benefit to their consumer is health. It's health and wellness. You get to drink more water. But what's in their DNA beside that, beside the health, which is of course all important for all of us. But it's also about preserving our planet. And they've taken action steps. They've really shown the consumer, what you're doing with their product is allowing less consumption. Less consumption of plastics and detriment to our environment. But that's the core of their message. That's the audience they're trying to relate to. And they're also trying make sure that you're drinking more water. But at the end of the day, it's what is your brand values? And making sure your consumer can hear you on that. And find a way to align with you and jump on that bus.

Andy Latimer:

Yeah. The thing is, they're not going to listen until you get down to the point of.... You've got to get them in the funnel sometimes to tell the story. And we've said this, and this is going to sound bad, but a lot of people don't respond to the environmental message. It's a box check. It's okay. You've got that. Check the box. But when you're talking about telling your brand story in the direct response world, you've got to tie those two together because people want to be part of something cool or something meaningful and something they can care about. And they want to share it with their friends and their family and the people that are their digital friends, to tell that world that, "I..." It becomes representative of themselves. And we talked a lot about how brands effected over the last few years, the tribal culture of it. And it's really tribalism that you're dealing with where you're saying, "I believe in brand A." Or, "I believe in brand B." Why? For me, I bought a Chevy Suburban the second time. Why? Not because it was environmentally friendly, but because when I wrecked the first one, my whole family was safe.

Rob Fallon:

Right. And I'm on my fifth Ford because they've been reliable for me. So it's like, what brands are you identifying with? What are you buying into? What never lets you down. And I think they want to get there, but they can't get there on step one. They have to get into what your message is first. And it's still innovation. What's your product? Why is your product better? Why should you align with my product?

Andy Latimer:

Think about that advocacy from the standpoint of somebody saying, like me, all the people that listen and all the followers that I have. When I wrecked that car and I went out and bought another one. They're like, "Oh, maybe I should think about a Chevy." Those moments-

Rob Fallon:

That measures sphere of influence.

Andy Latimer:

Those moments we start to transition in this new world of direct-to-consumer, which by the way, I want to say this. And so I'm clear. I believe that this time that we're in right now is the great new age of direct-to-consumer marketing. Because think about it, when you start to see 87.3 million people have purchased on a direct-to-consumer platform, that's a 10% increase year over year. 10%.

Rob Fallon:

Unbelievable.

Andy Latimer:

And when you start to look at the other stats with 40% increase in sales on Amazon, if you're telling me that direct-to-consumer isn't real right now, you're not paying attention. You're not seeing the numbers. Imagine what's going to happen this Q4 this holiday season when you start to see the spike. When you start to see it come up, when the massive amount starts to spin and people aren't going to retailers. From a standpoint of getting that message out now and how.... It's such a balance and I think a challenge for how retailers are going to deal with this and how brands are going to deal with this.

Rob Fallon:

Yeah. You think about retailers. And again, they're trying to manage relationships too. So they're losing some of their grip on the relationship of who's selling the product. Because this has forced people to do things differently imagine the challenge they're facing. And we love retailers. I don't want to knock retailers while they're down. I think they provide a tremendous value to a lot of people.

Andy Latimer:

And they make a lot of direct-to-consumer campaigns work.

Rob Fallon:

Absolutely. You have to have retail. You can't ignore it.

Andy Latimer:

It's part of the foundation.

Rob Fallon:

Yeah. But they in of themselves are not managing the relationship with the consumer if you do. And I think that's the part we're trying to say is like, "take control." Robert Kiyosaki back in the day, he did a lot of DR real estate shows. And he used to say, "I'm an active investor." So these companies are like, "Hey, I want to be an active manager of my brand. And I want to have the relationships with my consumer." That's what we're talking about here. That pivot right now is saying, "Hey, go direct and manage those relationships and also buy it differently, buy the path to the consumer differently. Go with a trusted agency, like a Bluewater who's been doing direct and branded direct for some time now." And we have a proven track record of doing it.

Andy Latimer:

Well, you're talking about changing paths, Proctor and Gamble said, they're not going to the upfronts any more.

Rob Fallon:

Completely. That's a watershed. How many other blue chippers are out there saying, "We're changing our way too." Some of them are, and some of them just drew a line in the sand and they said, "No, we're going to go with more nimble agencies."

Andy Latimer:

Well, the shift to it is this. And I think that's where it comes into it. And I think the direct-to-consumer side of it, where brands are coming to it and the pivot to it is more so about making your dollar and your spend effective and what direct-to-consumer marketing does beyond anything else. And what brands are now chasing is that, it creates an immediate value and a measurable value on your advertising. It's not, "I'm going to go drop this advertising and look at the big funnel." And it's good. You need to have an overarching plan and you need to look holistically at the way your whole organization works. You need to have a converged strategy that's running between it all.

Rob Fallon:

There's no one magic bullet. You've got to look across everything.

Andy Latimer:

Yeah. And you've got to optimize across all of them. But moving to the way, and I think you hit it, the way you're buying and the way you're strategizing, the way you're purchasing is really the difference. When you start to think about "Okay, well, consumer behavior has changed, so where should my dollars go?"

Rob Fallon:

Right. Where should my dollars go? And by the way, digital advertising has changed the game. They've also got the metrics to prove what they're doing. And I think metrics are the secret for advertising. Everybody wants to know. Once you get a taste for that, it's a little bit of that junky mentality. And I hate to be insensitive there. But once you get a taste for something that shows you your success, man, that's intoxicating.

Andy Latimer:

I think for me, when we first started out and to remind you again, I said earlier Rob and I have been doing this together for almost 20 years. When we first started out, we were on the creative side of the house and it was all very much create, create, create, create. And, "To hell with what the media guys say. We were going to make great creative that's going to work." And then as you start to progress and you start to see and you start to understand the levels of data that start to come into play, and the data starts to tell you everything now you start to affect your creative in a way that starts to drive a message. So optimization of the data, and to your point Rob, having that kind of detail that we now have today and having 15, 20 years of this behind us, where we've been looking at over and over and over and over again, campaign after campaign. And now understand the smallest of intricate details inside of it. That becomes enlightening. That becomes blinding flash of obvious to some people where they're like, "Oh."

Rob Fallon:

"Oh. Really? I get to..." And have somebody come to us from a pure brand agency. And get a taste of some of these data-driven business intelligence documents. And they get all those metrics and they go, "Wow, why didn't I do this before?" The BFO.

Andy Latimer:

It's cool and bad at the same time, because we've had clients that have come in that have been... mind you they've been misspending radically in certain places. And then when we adjusted it for them, it changed their business and drove their profitability through the roof. With Sodastream, we helped Sodastream go from, what was it? \$66 a share to \$144 a share. And Pepsi buys them for \$3.2 billion. And

that was strategically working with them and looking at where they wanted to go and how the direct response and direct-to-consumer methodology can help build brand awareness and how that engagement builds it long term. And I think now that we're into this transition, we're entering the post COVID age. We're not post COVID, it's still currently what's going to happen afterwards. This is the greatest capturing of customers that's ever going to happen. The customer data that's being acquired right now is going to fuel brands and companies for 10, 15, 20 years. These are customer relationships that are lifetimes.

Rob Fallon:

And doing that directly and going with a different way of doing things and with an agency approach that's very accountable. I think that's when people ask us, what's our USP. It's, we have this accountability mentality for our clients. It's you come to us, we're going to work on cutting edge, disruptive creative. We're going to get you into a media strategy that's designed to make you money. And when you make money, I make money. That's how the agency works. But we only make money when we make you success. And so we lever all of our data, all of the historical things that we've been able to accomplish to bring success to our clients. And so we have the direct experience and we can help people try to capture these customers in a different way, but a better way, potentially.

Andy Latimer:

The one that used to get me for years is that we would have the brand clients come over and they'd want to talk to us. And they said, "But you do direct response."

Rob Fallon:

Oh gosh, the look down your nose. I don't know how many times I've been at the end of a person's nose when I say DTC or branded DTC. They're like, "What do you care about branded DTC?" Of course not.

Andy Latimer:

And so many times we've heard, "But the creative..." And I'm like, "But the creative, watch...watch this." And as soon as they started giving us a chance, they were like, "Oh, wait, all those direct response rules and all those things that you applied in there and then applying the things that tied into our brand and tied into our brand voice." And I think the transition for Bluewater through the years has been very cool to be part of an experiencing. And now that our roles have shifted and things have moved a little bit, getting back to it for me, for diving into the creative and-

Rob Fallon:

Some passion.

Andy Latimer:

Oh God, it's great. Because, think about when you go back and you think about those ones that people were like, "Oh, wait a minute." Like Thundershirt. We triggered a whistle in the middle of it and made a brand out of a product.

Rob Fallon:

That whistle became a pneumatic, just this thing that made you trigger. And it became their moniker for a couple of their campaigns. That'll never come undone.

Andy Latimer:

It will never come out of my head. And I think so many people know that... when we talk to people about pet anxiety or things like that, and they go, "Well yeah, there's this one brand Thundershirt." I'm like, "Oh, do you have one?" "No, but my sister, my brother and my mom, and they got one for their dog." And I think that was at its purest direct response with the brand edge. And now today it's even gone further. Take Tommy John, the fun we've had with that one.

Rob Fallon:

Unbelievable. They have a disruptive offering. They said, "We're going after Comfort. We're going after Lounge Wear. We're going after intimates that make people feel great. And you better get comfortable with that."

Andy Latimer:

And maybe a little too comfortable.

Rob Fallon:

A little too comfortable. And they just said, "We're going to do things differently." Tom and Aaron, they both said "Look, there's a problem out there." I know Tom was a business guy and he walked around with ruffled up shirts. And it's like, "When you look sloppy, you don't feel good and when you don't feel good you don't do well." How does he make things differently? And they came at this with their great team and they realized the value of the direct relationship. And I think it's fun to see brands like that really hit a stride and then hit a whole another stride when they come to a DR agency.

Andy Latimer:

Well, I think what they did was one, they made great product. And that's important. If you're a brand, that number one thing is you need to...

Rob Fallon:

Make great products.

Andy Latimer:

Make great products. The marketing will come, but make a great product. If you make a great product like they did, and then you start to apply the principles of direct-to-consumer marketing. What they did very well was they created a culture. They created a feel and an energy around the brand. And that feel and that energy and that connectivity for the consumer of that brand gave them brand advocates that would tell their story for them. And then when you apply direct-to-consumer on it, where now you've got this great brand story and validation going behind it, and you've got this history and this legacy of product innovation going behind it, now it's just about using direct response and direct-to-consumer...

Rob Fallon:

Rocket fuel.

Andy Latimer:

To feel the funnel, because it's all built. The foundation, remember? Build the foundation right and then pour that rocket fuel on it. That's the secret. And it's an accountability secret that we've seen so many

times now over and over again. Honestly, I'm going to tell you the truth. I'm excited about what's happening right now. I hate that the consumer engagement has changed in that we've been locked in our houses, don't get me wrong. I'm not saying...

Rob Fallon:

Yeah. I hate that, why it's this way. And I think we can all admit that. That this is tragic for a lot of people. So I don't want to undermine that. And as we have to make that turn, as businesses have to make that turn, as business leaders, we have to make a turn. And as we-

Andy Latimer:

We have to make a turn to figure out how to work from home. And make a turn to figure out how-

Rob Fallon:

Absolutely. And we're fortunate that we're in an industry where we are still able to work and thrive. And now there's a lot of opportunity on the table. People have made the turn, let's help them make the bigger turn. Pivot to a place where they can be even more successful. And pour some rocket fuel of our magic into their funnel.

Andy Latimer:

Well, when you think about brands now and you think about this idea of being authentic and being real and creating a tribal following, it all starts with getting them in your funnel. And that's the funny part. That's always been our expertise. "Let me fill up your funnel. And then let me get you to a direct transaction." It's never been more so now. Now you're sitting here with this little guy right here, and when that ad comes over...

Rob Fallon:

that little social dilemma.

Andy Latimer:

Yeah, exactly. The one that gets me in trouble with my wife all the time, "Stop looking at your phone." When that ad comes across and you can click and buy.

Rob Fallon:

That's direct. That is the spirit of D2C business.

Andy Latimer:

That's the core of it.

Rob Fallon:

That's what it is. And who knew that all this innovation and the text-based social media platforms, it was all just going more direct, more direct and it's all there to get you to spend more time on it and to get you to see more ads so you can buy more great stuff. And I don't want to make that good or a bad thing. It depends on your situation. But when you find something you love, because somebody made you love it, or somebody introduced you to it, and it's an innovation you love, and you jumped in, we are all trying to just help people jump into something they love. That's the spirit of it.

Andy Latimer:

I think what's neat about it now, is that not only can you do it from a television side of it, and I think what's neat about the culture here at Bluewater is that it's all under one roof. You're converged and we've got TV and digital and creative and media and social, marketplace all happening under one roof. And I think that's cool in the sense of it. Because what we tried to create was basically this weird little creative lab where you could just start playing with stuff and looking at the numbers and moving the creative and moving things back and forth. And now we're in a point where the market and the need for that is catching up. And thank God that we've been in a situation where for the last several years, we've already been moving down that path and have already put those pieces in place and gotten the understandings that are necessary and needed today.

Andy Latimer:

And I think for so many brands, like what we saw back in '07 and '08, when brands budgets got slashed and their advertising budgets got slashed. And they said, "Well, what do we do?" Well, the answer was, "Come on, let's have a conversation. Just talk to us. Just hear what we have to say." Maybe just for one minute, you're going to go, "Oh, I like that. I understand what you're saying. I understand why you see it that way." Because when we start playing in the direct-to-consumer space for a brand, and you're getting immediate return on your investment and the money is coming right back into the company, it allows you to extrapolate out and spend and create your own advertising budget that's...

Rob Fallon:

Accountants love us, it's a cashflow game. Hey CFOs, Convince your CEOs to go this way or listen to us. Because we're going to help your flow. And I think that's key to business.

Andy Latimer:

Especially now.

Rob Fallon:

Especially now. Especially as you have to find ways to be nimble. And you can't clutch onto your ad wallet and hope that the consumer stick around. You have to invest, you have to make sure you stay focused on the end game. And that means you have to advertise. You have to find ways to connect.

Andy Latimer:

Let's talk a minute about, we've had a lot of experience with clients that are really in a saturated market. Let's take for instance kitchen appliances, gadgets, pans. I don't want to talk about how many pans we've done. We've done a few pans, and appliances and pieces out there. What advice would you give to a brand that wants to create disruption to break through and become more successful on minimal budgets resources? And the experience, they're trying to get in, but they don't necessarily have the knowledge or understanding, and they don't always have the budget to get there.

Rob Fallon:

Yeah. I think my advice there is one, make sure that your platform is ready. Obviously, we still can't abandon the fact that you have to be stable.

Andy Latimer:

You've got to be ready to catch.

Rob Fallon:

You've got to be ready to catch. And then we see it all the time where you're going to have to have a tight budget to start with. And we've done this dance with many, many startup brands. And then it becomes a creative playing field. You have to take the creative and you have to find how to tell those USP's in a very disruptive way. There's a lot of ways to get there. Comedy works, we've seen it happen with so many...comedy is a great way. So think about yourself. What is going to be your thumb stopper, your channel stopper? What are the things that are going to make you stick around for more than two seconds? And I think you still need a couple swings. And we talk about it all the time. Like, "We're going to do six of these and four of these, and two of these." You have to play the numbers. You can't walk into the casino, put one hand down and strike out and hope that you're going to hit a big. It's not like that. So you have to take a couple swings at the play.

Andy Latimer:

I think that comes from the direct response side of it in the direct-to-consumer side, the fact that you're getting data, the swings come because every step you're making, you're getting new data and that new data, you have to be able to be nimble and adjust to what the data is telling you.

Rob Fallon:

It's no longer a should we AB test? Yes. Yes, is the answer. Yes AB test. Yes, offer tests. Go out with your strongest software and be ready with one that might be more expensive, maybe one that's less expensive or have a creative that starts this way and have another one that starts this way. Because you don't know which one's going to make the consumer respond there. Think about the old fishing pole we did. Which model of creative work was it A, dad and son? B, grandpa grandson or C, grandpa granddaughter?

Andy Latimer:

This was a shocker for us.

Rob Fallon:

That's a great quiz.

Andy Latimer:

This was an old... It was the Ronco Pocket Fisherman.

Rob Fallon:

Yeah. The boots Redux.

Andy Latimer:

This was going back and doing a Retro campaign against a product that was once really big. And I know it's funny. Everybody's like, "Well, that's true. That's DRD." We're not talking about the Philips smokeless indoor grill...

Rob Fallon:

But it's a good case study for creative interests.

Andy Latimer:

I think it was one of those blinding flashes of obviousness moments where you look back and you go, "Oh." Because what we thought would work was father and son. The data told us father and son would work.

Rob Fallon:

Why wouldn't it? Dads and sons go fishing all the time.

Andy Latimer:

So we made a creative with father and son on it and put it out on TV and send them to the website and the website wasn't converting well. And we had a father and son on the front of it right there. And said, "Okay." We sat in a room and we put the best minds together and said, "You know what? Let's change it up a little bit. Let's do grandpa grandson maybe we're missing it." Conversion jumped. It jumped from 3% to 8%. And I'm like "Well..."

Rob Fallon:

There is one other option. Actually maybe more.

Andy Latimer:

Let's put a granddaughter in there. Boom! Conversion jumped to 15% immediately. Go back to creative, change all the creative and television, change all the creative on the front line, get it out there this week, right now. Response went up when we put grandpa and granddaughter in, conversion went up. Those types of things and that kind of knowledge you start to get along the process is what I think for you and I has been so cool. Because the experience over all these years of having all this learning and knowledge that comes to us, now it's like innately in us. Now we look at stuff and we're like, "Oh."

Rob Fallon:

"Move this here, move that there, you didn't hit this early enough. And by the way, this USP isn't cutting through." We can see it because when you get 10,000 hours of doing anything, you see it. Become an expert. But think about it and my advice to your question, the answer to the question, what advice do you have for me? Take more swings. You've got to have multiple creative offerings, otherwise you won't get any learnings and the learnings are going to help you fail fast into success.

Andy Latimer:

Well, I think it's fail fast and get optimization going. I think that's the interesting part that goes beyond for brands entering the direct-to-consumer space and trying to understand it. Is that, Yeah. The stickiness that you've done it. If you've got some corporate bullshit going on out there and you're just serving up the plastic scheduled social media platform posts, then maybe you're not right for it. But I'm going to be honest with you. You've got to have something, you've got to be thinking about your structure across the board.

Rob Fallon:

Yeah, there are bare minimums.

Andy Latimer:

Look, the ones that are successful in this, it's capture and hold. It's not catch and release, we're playing here. We're not going out fishing for a fish that we're going to throw back. We want to get that fish and we want to...

Rob Fallon:

We want to make it grow.

Andy Latimer:

We want to feed that fish a lot of food, we want to fatten them up and then we'll eat them. No, it's not that simple. I'm just kidding. But it's catch and hold. And that's what you're trying to do to the consumer. And I think that's what brands need to understand how direct-to-consumer marketing works best for you, is now you have to engage. You don't have a choice. When we talk about it's a necessity, it's a necessity. Your marketplace has gone away. And if you're not telling the consumer to buy it, other products are going to come in there and they're going to sit on top of your brand.

Rob Fallon:

They are going to scrape, they're going to own you.

Andy Latimer:

Yeah. So you've got to be developing sticky relationships.

Rob Fallon:

You may have the best product in the world. And we've seen it time and again. And here comes the sharks and they're going to do it the same way. And then they're going to hold them better. Or they're going to offer a slightly unique twist, but they're going to get that audience that champions their product and eat your lunch. Don't leave your lunch on the table.

Andy Latimer:

It's why you start to look at it and you say, "Look, this is why brands are so great for direct-to-consumer." And I'm going to tell you, because they get building a lot of times the brand identity behind it, they put a lot of effort in to understanding what the look and feel in nature of the brand should be. But what they don't typically have, and their typical agencies don't have is the ability to turn the fuel on and the ability to turn that knob that makes response go up. Now, if you work inside that and you understand it, and you look at it and say, "Okay, let me look at the whole holistic nature of a brand" and say, "I've got to have this piece over here that's about sticky. And this piece over here that's about holding you and creating a relationship with you as a customer and a consumer and creating relationship with you as an individual, to where you see my brand as you. And when you see my brand as you, now you're more than just a customer. Now you're more than just a consumer. Now you're an advocate. And now you're telling my story for you."

Andy Latimer:

Now everything I give you that is of more stickiness for you, you're going to share that more. You're going to tell that story more. And then it becomes about filling the top funnel. So now if you've built that sticky and it starting to move around the right way, and the consumer is starting to gauge the right way, and then you start filling it up with more direct-to-consumer, and you're able to expand that because remember you're spending the money. You're buying the media response, you're getting an immediate sale, which means you can expand your advertising base. You're building a larger brand advocacy, you're ultimately... Ever heard of the term, the rising tide rises all ships?

Rob Fallon:

Right.

Andy Latimer:

That's what direct-to-consumer does. It lifts it all. And across the board.

Rob Fallon:

Early in my career, we got to work on a PBS documentary about oral storytelling. Just a post PA. But as I watched the tapes, as we got them in, and I was watching these stories, I can't remember the gentleman's name and forgive me for that. But the closing line to his story was, "Your story is not mine." And he says, "Did you hear my story? Did you see my story?" He says, "Your story is not mine, but I bet you see yourself in it." And that's what we're trying to do with these brands. Trying to get that consumer to see themselves as part of that. You are Yeti guy or Blackstone guy or Cannondale bike guy, or Ford guy, Chevy guy, whatever it is. You're those things and the same thing with the makeup industries. They're trying to get all the influencers because that's their story. And they're sharing their stories with other people who are consumers.

Andy Latimer:

Here is the best part I think of what's happened today. And I think from a direct consumer standpoint and a brand standpoint. What we know is in the TV spot, it's the first five, 10 seconds that is going to catch you. On digital. It's the first two seconds. Second, two seconds, that's it. They're gone. So you have to have disruptive inside there, but let me tell you something. Disruptive to DR or disruptive leading to response, leading to education and response, it works. And we've seen it work over and over and over again.

Rob Fallon:

"Oh, I got you." Now I can tell you my features. Now I can show you the benefit. Now I can actually tell you what innovation I have. And by the way, I'm going to ask you for money while you're here.

Andy Latimer:

Well, there's definitely a truth to that. How's that song go. Tell him what you want.

Rob Fallon:

This is what it is. This is how it works. This is what it does. Send money, send money.

Andy Latimer:

And it's an old joke. An old humorous song that we used to sing, but it really is true. I think the difference today is that you've got to capture the front-end differently. Because the consumer has changed and the consumer is looking for something they want to identify with. There's so much inundation. Like you can get any product anywhere, right?

Rob Fallon:

Yeah. Of course.

Andy Latimer:

Take Tommy John. I can buy thousands of pairs of underwear and choices and underwear that are significantly cheaper.

Rob Fallon:

But these must be better because it says, comfortable.

Andy Latimer:

And I love the attitude and the energy of the brand. And same thing, Blackstone. I love the attitude and the energy of the brand. And yes, both of them happen to be the best in market products. So that helps. But, from a standpoint of...

Rob Fallon:

They didn't start there. They started with a disruption, then they built a better product. They cultivated their product, they made it best in class. And you've got to get there as a product maker, but you get there by connecting with that audience and building more audience and going direct and being a market builder.

Andy Latimer:

Yeah. I tell you what, there's been nothing more fun and pleasurable in my life than building big brands like that from nothing. Because when you look back and you're standing in their warehouse and their warehouse is hundreds of thousands of square feet, and it's sitting in a town in...

Rob Fallon:

In the middle of America.

Andy Latimer:

Right. In the middle of America and people are working, there's forklifts moving, there's jobs being done, you look back and you say, "Hey, that disruption, that moment, that thing we did."

Rob Fallon:

It helped make this possible.

Andy Latimer:

I'm telling you right now, look, it raises the hairs of my arm. It actually gets me excited to think about the impact that we've actually had on the American economy. From a standpoint of where we sit today, how important is direct-to-consumer marketing for brands? Literally to the American economy, how important is it?

Rob Fallon:

I don't know the metric of success for how important it is, but what I can tell you is it puts a lot of people to work. It's definitely its own industry. I think we've got some numbers over here, with 87.3 million people making a DTC purchase. Ages 14 and older, making a DTC purchase. That's a lot of people. That's nearly a third of the US population going direct. So you talk about opportunity. Go direct. We used to talk about, what are the things that make for a great DTC product. And I think that game's changed since the beginning of our careers too. It used to be, "Well, does it do this, does it do that, does it make a great this, does it have five times markup?" You know what? I think that game is over. Yes, you want to demonstrate why it's better. Of course, you have to demonstrate why it's better. And, does maybe a mop or a broom work better for DTC because everybody needs one? Sure. It just cast a wider net. But luckily with our media tools today, we can find the audience regardless of what the product category is. We've got this incredible technology nowadays that we can go and find whatever an individual is looking for, there's a way to connect with their audience.

Andy Latimer:

Let me hit you another stat of why it's so important right now to get your direct-to-consumer strategies. If you're a brand, if you're a small product, if you're an online retailer at all, if you have your own online retail stores, this is the great age of direct-to-consumer. And I'm going to tell you why, and I'm going to give you some names here, and then I'm going to tell you where they are. JCPenny, Pier 1 Imports, Neiman Marcus, Tuesday Morning, GNC, Chucky Cheese, Brooks brothers and Taylor Loft, Lane Bryant. Oh boy, Men's Warehouse. There are 32 different retailers that have filed for bankruptcy or liquidation.

Rob Fallon:

No.

Andy Latimer:

32. That's a retraction of the retail market. Yes.

Rob Fallon:

Some of them may have been strategic.

Andy Latimer:

Some of them might not have been in the best situations at all, but they weren't equipped to handle it. They weren't ready for the D2C marketplace to really take over and the direct-to-consumer marketplace to hit. And I think what COVID did and the policies against COVID or the policies of sending people home and having them work from home and shutting down the retail side of the world and shutting down schools. Yes, it is going to absolutely devastate a certain part of the economy, but it's also an opportunity if you're paying attention. It's an opportunity to build your brand. It's an opportunity to

create direct relationships for your brand. And if you're paying attention and you're thinking about it, the one thing you've got to do is you've got to make the move now, but you got to think of it holistically.

Andy Latimer:

You have to think of, "If my brand is this, I need to get the top funnel fueling because I'm losing my distribution platforms. So if I fill the top funnel and I get that moving through direct-to-consumer, then I can create the consumer relationship that's long-term, then I can sell them more. And now I've replaced the retailer. And more importantly than that, I now have communication with the consumer." Your direct consumer strategy is directly affected by this. So think about this Amazon...you don't get to have that contact with the consumer.

Rob Fallon:

Amazon is great for Amazon.

Andy Latimer:

Except for Amazon. Should you own that customer? You should. And you should be developing those relationships with your customers every step of the way. The way you do that is getting many more into your funnel, getting them through that driving, creating direct sales and transactions with them, and then ultimately creating a long-term relationship with them, making them follow you. You make them part of your brand, make them your brand advocates, make them tribal drum beaters for what your brand represents.

Rob Fallon:

Here's your family. These are these folks that are buyers of products and services, they are your family. They feed your family. They might as well have invited you over for dinner because they're cooking for you. But you have to get them and make sure once you have them, you don't let them go. It's, hold onto it. Because if you don't, someone else is courting them every day. And whether that's the big box retailer that's courting them, and they're going to email drip campaign them. Why do you think every time you go to the big box retailer, they're saying, "Hey, can we get an email?" "Yeah, no." Because they want that. They want to manage the narrative.

Andy Latimer:

And who's driving them there. Like if it's your brand that's driving them there...

Rob Fallon:

Congratulations.

Andy Latimer:

You're driving them there and yeah, you're going to create sales. I'm not against retail. Don't get me wrong. None of us here against retail. We're saying even retailers need to get a DTC strategy. I certainly think all the groceries now realize it. I think that certainly Walmart realizes and I know Target realizes it. I know the retailers are getting it and there's more stuff showing up at your home. We talk about back in the day when the milkman showed up with the... not that milkman. When the milkman showed up with the milk at the door.

Rob Fallon:

DTC.

Andy Latimer:

That's direct-to-consumer.

Rob Fallon:

And don't forget loyalty programs. They're the oldest DTC. Airlines, the hotels, they want you to be part of their team. You're team Delta, you're team Marriott. Whatever it is. But we've got to help people realize today that with this watershed moment, in world history, and as tragic as it is, it is the time to make the pivot to get to direct response. Direct response and direct relationships, direct response marketing, branded direct response marketing. Whatever you want to call it, but getting direct is the way to go in this market.

Andy Latimer:

What about service-based brands that so much deal with experiential. Is there a path for them?

Rob Fallon:

Yeah, absolutely. I think of different warranty businesses. Because what does a service-based business need? It needs leads. So, how do you get into the funnel if you're Bob's Cleaning Service? You still want to have your appointment centers have the phone ring. So what do we do right there? We say, "Okay, here's a special offer." And, "Oh, by the way call now and you're going to get even more savings." But yeah, there's a ton of opportunity in service-based businesses because all it is really a lead gen model. And financial services, same way. Financial tech, education, everybody's looking to get direct.

Andy Latimer:

How about when it comes to identifying the market? I think we've seen it a lot in the past. What about those products out there where the client comes in and they say, "Hey, this is my market. This is the market that I want to go after. And this is who it is." And they are certain. And they say, "My data tells me so and my market research tells me so. And my information out there has identified that this consumer products group that I went to that gave me a focus group has told me that this is my consumer." What happens and how do you deal with that when you find out through data that that's not their audience?

Rob Fallon:

Yeah...that's a funny question. Because it happens nearly every day where someone comes in and tells us about their audience. And tells us they know better. And what their data tells them. So we see it happen and as we know, we have to let them talk. They're the expert. They know their customer better than we do when they start. And then as we start to put our efforts into it and we start to look at, I'll call them shoulder audiences, "What audiences outside of your current dataset are we going to go after?"

Rob Fallon:

And we say, "Oh my gosh, look at over here. Look at all these respondents. We did it with a piece of fitness equipment that we thought was going to be great for the younger market, the working professional. And we ran a creative that worked towards that path and towards the senior path. And

then we figured, who's responding? Seniors are responding. And as we say, "Okay, those are the respondents for sport, let's take out the younger crowd and let's put all the energy into seniors for a second." And boom, they're the number one or two fitness product in America right now in a DTC space.

Andy Latimer:

We saw with another one a few years ago and we'll leave them nameless, but they said, "Our consumer is absolutely the millennial." And when we put the media out there and we tested, no that wasn't their consumer.

Rob Fallon:

The millennial may have an affinity for your brand or may want your product, it doesn't mean that they're going to come off their wallet or maybe they can afford it at this moment.

Andy Latimer:

It was moms.

Rob Fallon:

It was moms.

Andy Latimer:

It was moms buying it. And they're like, "But we want you to market to the millennial." And we're like, "That's not who's buying your product." So in that situation you've got to build these... I think we're in a unique age of direct-to-consumer as well, where you can build strategies that are targeting different audiences that are still applying direct-to-consumer pieces, because you can isolate the market so tightly now. Especially in social platform, digital platforms, and even on television and OTT and these distribution platforms, now you can really focus in on who you want to talk to.

Rob Fallon:

Yeah, absolutely. And I think there's a lot of people who do some of the real testing. And we've done some of it, like what response button works better? Is it a red one or is it a blue one? What trigger sentences work in some of these digital ads? So, yeah, there's a lot of data and testing and experience we can certainly offer. But I think as it comes down to coming into an agency and saying, "This is who our consumer is." Yes. Give us that data, but be open-minded. Let the data tell you even more. So let us test some shoulder, let us test some other audience segments and see if that's the only audience responding to you.

Andy Latimer:

It's the old line, America votes...and we've been playing that one for a long time. America votes. And when they do, they vote with their pockets, their wallets, they go in and they pull that money out. And that's how we know they're voting. And I think the difference between what the consumer tells you they would buy or what they like, or what they have an affinity to versus what they will actually buy and make a transaction on, is a different level of understanding. And I think when you get into that and you get that learning and it starts to push back and forth for you, you really start to find out what's really going on. So another quick stat, we only got a couple of minutes left. So I want to just fire these off real quick, 60% of consumers plan to shop less in stores in the holiday season due to fear of COVID-19

exposure. Despite the pandemic, 41% of shoppers say they don't plan to shop early for holiday gifts. They're going to stay the same path. Meaning that there will be no break between the current COVID-19 e-commerce climate, and what's already overwhelming holiday season. So challenges are coming. 39% of shoppers plan to start shopping in October and 30% plan to start on Black Friday and Cyber Monday.

Rob Fallon:

We're going to see incredible deal offerings earlier in the last quarter. Q4 is going to be where people have to make their numbers up. And we've talked about that from a media landscape. We've talked about it from a sales data landscape. Yes, it's no shocker to me that 60% are going to not go to stores. That doesn't shock me. It doesn't shock anybody in America. But what we do know is that the numbers are down. Because how could they be up?

Andy Latimer:

Only place that's up is in online buying.

Rob Fallon:

Unless you're buying masks, unless you're buying hand sanitizer. Yeah, there's a blood bath for some markets out there, alcohol sales are through the roof. But what retailers and what product manufacturers have to do in order to make anything salvageable for 2020 is get aggressive. So yeah, you're going to see a really tight media landscape on top of an election season that's going to be more money spent. So reaching your consumers is going to be critically important. But yeah, sales are going to happen earlier, they're going to happen often. There's going to be more value. But by any means necessary in Q4, we're going to have a direct battlefield for every consumer dollar there is.

Andy Latimer:

So for brands that are pivoting, they're just now starting to pivot or desire to make that pivot to direct consumer strategy. On a high level, what is the timing and plan for that? What do they need to do? Will they be ready for Q4 or have they lost their opportunity to end the year on a high note? What is the action now?

Rob Fallon:

I think that's just, it's action now. So if you want to get there in Q4, call now.

Andy Latimer:

Now, that's direct response.

Rob Fallon:

Yeah. I'll always be closing. But you've got to call and you've got to have taken some steps before now. So I hope that anybody who's thinking about Q4 right now and who hasn't made a switch is at least got the foundation set up and I'm sure they do. But yeah, they've got to get aggressive and they've got to have that plan now, and we can certainly help make some creative adjustments and make some aggressive creative absolutely. And get that media dollar in, but it's going to be a landscape that's really tight and could be expensive. So, be aggressive.

Andy Latimer:

Yeah. And we've always said, just let us take a look at it. The evaluation is free. It doesn't cost you anything. And maybe you'll learn something from us, maybe you don't. Maybe we give you some insight that you take back to your agency and run with your agency, whatever. It doesn't matter. Well, we want to say to you out there, if you're watching this, and you're curious about how you work with Bluewater, what you can do. We're pretty much an open book, man. Come on in, give us a call. Let's take a look, let's see what you have going on. And we'll give you an evaluation and tell you what we think we can improve or what we can't. And you can follow us, just go to bluewater.tv and you can follow and get signed up for additional podcasts and additional Bluewater Talks coming at you. Or you can follow us on Twitter, Facebook, Instagram, LinkedIn, Vimeo, and YouTube. And I'm pretty sure if Ricky and our team in our animation department has their way, we will be on Twitch soon.

Rob Fallon:

Everywhere.

Andy Latimer:

So Rob, I want to thank you for taking some time to talk with me. I know we've known each other a long time and I have such great respect for you and all the time that we've spent together. And I'm really looking forward to the future here at Bluewater specifically under your leadership as the new CEO.

Rob Fallon:

Thanks, man. I think it's been a great time today just having this chat. And I think if we can help some people out there, if we've made somebody think differently, then great. If you want to even just reach out and just, like you said, get a look, that's awesome. But yeah, I'm excited about where we are, where we've come from. Obviously our friendship and our history I'm excited about and where we're going. I think there's a lot of opportunity out there. And like you said, it's never been a better time to get direct.

Andy Latimer:

It's never been a better time to take action. To quote my friend, Rob Fallon, call now, or click now.

Rob Fallon:

Click now. Yeah, that's cool. All right. Thanks guys.

Andy Latimer:

See you guys next time.