

THE HUB

THINKING MARKETING FOR BUSINESS VISIONARIES™ | September/October 2005

BEST PRACTICES

Motorola's Edge

Geoffrey Frost, chief marketing officer of Motorola, on the success of the Razr, the meaning of the Pebl, and the future of “the device formerly known as the cell phone.”



The Razr is said to be the “yang” of Motorola’s design strategy and the Pebl is the “yin.” What does that mean?

Well, if you want to become the outright leader in design, you have to do two things. One, have amazingly radical, built-in surprises so that our products have the “whoa” factor. “Whoa” is the new “wow”; we want to make products that are so amazing that people just look at them and go, “whoa!” But we also have to have consistency, so that we stand for geometries and approaches that are recognizable as Motorola’s.

The conundrum is: How do you have both consistency and surprise in a design language? We struggled with this, and what the design team came up with was basically to create a sort of genetic chart—with a mother and a father—or a “yang and a yin” of the design family that would evolve.

One would be angular, and über-techno done up in new, radical, metallics and ceramics and the like—overtly edgy, super-thin, and so forth. The other one would be more rounded, softer and more self-evidently “human.” Again, the design is very simple. But if you put Pebl and Razr next to each other, they are kind of the “yin” and “yang,” the “mother” and “father,” of our design family.

Where does marketing fit in?

Marketing and design have really grown together. The marketing and design teams are intimately connected because the “design” and “experience design” are the keys for us. Design—because as marketers, we’re lucky enough to make a product that lives in the physical world. If you get to play with real, live objects that you can touch and hold, that’s a huge, huge advantage in marketing.

For Motorola, those objects happen to be the defining icon of our time—the cell phone.

It is probably the single-most important vehicle of self-expression of any object today. We have seen through the success of the Razr that having a really, really compelling physical design is incredibly powerful. But we also have to think in terms of “experience design.” What are the other experiences we should imagine and create?

How exactly does Razr pay off that idea?

Razr is meant to embody—visibly—a whole new take on what these devices are. The world got pretty used to thick, plastic, candybar phones. We consciously made the decision to radicalize that. You’ve seen it in Razr and you’ll see it again soon in a new product called Slvr that is going to mean the end of the fat, candybar phone. The Slvr is 11.5 millimeters thick—thinner than Razr. It’s not much thicker than a pocket protector.

You’ll see experience design yet again in our Rokr phones—dedicated, optimized music →



← design—with stereo speakers, even a micro sub-woofer—in a phone. If you wear it around your neck, or have it in your pocket, you'll *feel* the music as much as hear it.

We're beginning to play with audio-visual ringtones—not just audio, but visual—because the world in which we keep our phones in our pockets all the time is over. People like to put their phones out on the table in front of them and let their friends see them. Now when a call comes in, you can set it so that you're visually alerted.

Is that the payoff on the experience side?

On the experience level, it's really all about self-created experiences. I jokingly refer to the cellphone as "the device formerly known as the cellphone" because it is morphing and evolving so fast into so much more. For example, with our Rokr phones, we'll be able to stream wirelessly and effortlessly through your car stereo system using a Bluetooth connection.

So, you might be listening to music on your Rokr phone through a wireless Bluetooth headset or a pair of sunglasses and then get in your car and stream it through your car stereo. The idea is that it's all effortless—that you can just push a button and seamlessly flow your musical experience through all the spaces that you have in your life.

It's not just about music. It extends through a whole series of things we like to do—like email, for example. We're looking pretty hard at voice-to-text and text-to-voice email. We're looking at time-shifting. You might be watching an episode of a TV show you recorded, and realize you have to go; with the push of a button, you can download the rest of the episode onto your portable device and watch it at your leisure as you wait to catch a plane.

What do marketers need to understand about the potential of 3G technologies as a medium for marketing?

3G technology is one of the many steps on the path to a world where every molecule of air is a broadband connection! We're spending a lot of time thinking about the amazing new experiences you can design in a world in which the internet isn't something you have to go to or plug into. The internet is something you breathe in; it's something that follows you wherever you are.

This is especially true with today's technology—which not only gives you huge bandwidth, but also knows exactly where you are and who you are. So, what would that mean the next time I want to go to a Google Map? What if I went directly to my Google Map, where I was? And it reflected what I liked? Or what I had on my schedule? It's a really, really interesting space.

On a more basic level, how do Motorola's designs account for things like different texting behaviors among consumers around the world?

We actually work very hard to analyze the different character sets and various languages, such as Mandarin character recognition, for example. Using either your fingertip or a stylus, the user can create the characters; the phone recognizes them and converts them into text.

We're actually playing with one idea that lets users simply trace characters with their fingertips over the entire keypad. The keypad senses the shape you're drawing to make it even faster. This is really about inventing not just new kinds of modes of experience but new languages.

Another example is what we call "push-to-view." The thought is that maybe putting a camera in a phone isn't about digital photography; maybe it's about the instant ability to allow me to share with you what I'm seeing right now, with one push of a button.

The Razr, at \$499, was twice the price of any previous cell phone. What's the lesson there?

There's a big lesson about the limits of traditional research. Our traditional research told us that there was a total available world market of about two million units for a \$499 phone; we sold over two million units in the UK alone. So, the real lesson is, the best way to predict the future, as Peter Drucker once said, is to create it. The best way to predict the total available market for a new thing is to invent it.

If you want to be a leading company, you have to create the products that create your destiny. Just like good poker players, you don't want to spend all your time trying to figure out what everybody else is doing; you want them to spend their time trying to figure out what you're doing. The world loves the phrase, "fact-based decision making." The truth is, there are no facts about the future. There are facts about the past. There are indications. There are hints and there are clues about what the future could be.

Marketing is not a business of rules. Yes, there are rules. Yes there are inferences you can draw about things that kind of work and things that kind of don't. But at the end of the day, the great marketing practitioners are in the business of what my former boss, Ed McCabe, called "brilliant exceptions."

And then those exceptions become the new rules for everybody else.

Is the current industry obsession with measuring R.O.I. counter-productive?

No, I think it's a question of balance. I think it's really, really important to see what the money you are spending is actually doing. But if you think that there's a magic formula for creating brilliant exceptions, you're crazy.

There are no facts about certain things that are really, really important—new design directions, new "experience design" directions and new kinds of experiences that can create new businesses. At the end of the day, we have to assemble the best clues and inferences we can, and the best set of facts on what's gone before, and



make the leaps—to make the bets—on the new things.

That's one of the great things about (Motorola CEO) Ed Zander. When Ed joined Motorola, we were already working on Razr and we kind of knew we had a great product. He took one look at it and said, "How many can you make?" It's like what Malcolm Gladwell talks about in his book, *Blink*, which is a pretty profound piece of work. Malcolm speaks to exactly this question, which is: How do you make the really, really big decisions?

How has your view of advertising changed since your days at Foote, Cone & Belding?

The business obviously has been doing an awful lot of soul searching. There's an obsession over what is advertising really—where is it going? I think the big question should be, "What *isn't* advertising?" Once upon a time, none of the things that advertisers now take for granted existed. There was no such thing as a radio commercial or a print ad, or an outdoor board. They were all created as ways to have a conversation with the public.

But in recent years, we've heard a lot of talk about "new media" as if there's such a thing as "old" media, or that any invention needs a separate category. Just as we are talking about cell phones as "the device formerly known as the cell phone," it might be fun to begin to talk about advertising as "the industry formerly known as advertising." Some companies get a certain momentum by looking from the outside back in to see what they're really up to, or what they could be up to.

How did you apply that perspective when you arrived at Motorola?

One of the first things we did was create a Motorola office in Hollywood. In 1999, the strategy was really pretty simple. It was to permeate the micro-culture in Hollywood that really creates the macro-culture that we all live in—around television, film, music, music video, and so forth.

This wasn't about making a bet on one or two big movies and launching big consumer promotions. It was based on

the insight that Hollywood is home to a disproportionate number of alpha techno-geeks, who love to have the latest, greatest gadgets. The film industry is totally in love with technology and its possibilities.

The byproduct was that our products began to appear in more and more shows. A lot of people said: "Gee, are you making all sorts of deals?" And the answer was: "No." What we were really doing was just penetrating, and living and breathing, in that community.

How do you measure the value of that kind of presence?

People tend to default to measuring what's easiest to measure—they'll count up the total seconds of screen time and how important the product is to the plot, and come up with a bunch of mathematical models that can equate the value. Funnily enough, they're usually trying to equate it back to television commercials.

I'm not sure that direct measures of that kind are as useful as tracking cultural magnetism—cultural heat—which is less linearly connected. For example, we do deep-dive studies of what various demographic and psychographic groups think of Motorola's products. We look at how we are doing in terms of design, utility and just pure fun. How are we doing on our rates of recommendation at retail? Are we seen as a more innovative company? Are we a maker of "whoa!" products?

We're also tracking conversations on certain 'blogs and message boards among those who are, by definition, alpha-tech-loving-consumers. That tends to be a lot more forward looking than econometric analysis, which we also do. Some would say it's more of a qualitative view. I would say it's very, very quantitative around the impact of permeating that level of the culture.

Who are these alpha consumers?

That's interesting. Personal tech—the fusion of person and technology—is one of the rare categories where, instead of younger brothers and sisters looking to older brothers and sisters to see what's cool and what they should have, older siblings look to younger siblings. We jokingly said a few years ago that the teenager is →

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← the CTO of the family. I'm not sure it's not the 9-year-old today!

One of the things that's quite funny to watch is how a lot of middle-aged marketers have fallen in love with the idea of making really simplified devices for kids, where there's one button to call mom and another button for dad. Go talk to a kid; they want a more sophisticated device than the one *you* have.

You know, I love science fiction and I read a lot of it. The famous William Gibson quote that everybody likes is: "The future has already arrived. It's just not evenly distributed yet." What he's saying is that there are people of the future, already here, walking among us. If you can figure out who they are and co-create with them, you're actually doing a rather amazing job of not only anticipating, but also shaping where the world can go.

From an internal perspective, how do you make sure that Motorola hears those conversations?

We very consciously know we have to turn the company inside out. We have to make the walls transparent and permeable and begin to find those "alpha consumers" and involve them in how we create products and define them. A few years back, we brought a whole bunch of teenagers from around the world into our annual officers meeting and had them just tell the unvarnished truth to our top 500 people. It was a pretty big wakeup call.

What did you learn from that experience?

One of the big realizations is that the number-one medium for creating a great brand is a great product. When you have a real "whoa!" product everything else falls into place pretty easily. The other thing is, when you start looking at all the things we do in "the industry formerly known as advertising"—whether it's TV spots or interactive campaigns or viral events or whatever—is that the best way to look at those are as products, too.

Your ads are the most pervasive products you make. No personal-tech product will ever be in as many people's hands as the experience of a Super Bowl spot or an incredible new piece of film that every kid in the world is downloading and passing on to his or her

Hear Geoffrey Frost speak on building brand success through innovative marketing at ANA's Annual Conference: Masters of Marketing on October 6-9.

friends. When you start thinking of the advertising as a product, and the product as your ultimate form of advertising, and really subject both to the same standard, it gets really interesting. When they accelerate together, you get a great feedback loop going.

What excites you most about "the device formerly known as the cell phone"?

It's a space where there's so much natural heat. These devices are not just becoming an icon of self-expression; they're increasingly becoming vehicles of self-extension. When I talk about "the device formerly known as the cell phone"—yes, it's a physical icon of self-expression, but it's also an "ability amplifier" that can enable me to do things that were formerly impossible.

While there's plenty of convergence going on just on a pure tech level, there's also huge convergence going on at the experience level. It all kind of meets in this little control center that you carry in your pocket that you used to use just to make phone calls. But it touches all the other spaces that we live our lives in—from our living rooms to our cars to our offices to just out in the street.

We're well aware that no one company could possibly do it all alone. We're beginning to think of ourselves more and more as a "catalytic" force for combining the right partners to create an "it's all ours" world that is infinitely bigger than any "it's all mine" world could ever be. It's an incredibly exciting time to play in that world. ■

Geoffrey Frost joined **Motorola** in 1999 as corporate vice president of global marketing and communications, was promoted to senior vice president of marketing in 2003 and named chief marketing officer in 2004. Prior to joining Motorola, he was global director of advertising and brand communications for Nike, and before that was executive vice president of Foote, Cone & Belding, in New York.

Marketing Mix Maximized

Marketers need a budget for innovation and a structured approach to measure the effectiveness of alternative tactics.

by

Douglas Brooks
Marketing Management
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Investment in “alternative” marketing tactics such as online, product placement, buzz marketing, sponsorship and experiential marketing has become a hot topic for marketers. Fragmented media markets and changing consumer behaviors have eroded the perceived effectiveness of “traditional” channels such as television, print and radio, so marketers are reaching for newer tactics, hoping they might prove effective and efficient in a revised marketing mix.

Some companies have achieved promising early results by aggressively trying a variety of new tactics, but most have struggled to find the budget for this sort of trial-and-error. Others have tried new tactics, but struggled to get a clear read on their effectiveness. For marketers to incorporate new tactics into their mix successfully they must have both the budget to try new things, and a framework to evaluate them.

Set an appropriate “innovation” budget for testing new tactics. Marketers often ask us for a point-of-view or “best practices” on how much to invest in trying new tactics. While it is tempting to offer a blanket percentage or “rule of thumb,” we believe that each marketer must answer the question based on his or her upside opportunity and tolerance for risk. Often the answers to both of these questions can be grounded with an assessment of the productivity of current marketing expenditures.

Dollars targeted to innovation have an opportunity cost. If the productivity of current programs is quantified, then the potential cost of redirecting the funds to something speculative can be easily understood. A marketer can then determine how much marketing-driven volume they can afford to put at risk to build an innovation budget. In the ideal case, a marketer has strong marketing mix models to identify programs exhibiting weak performance overall or diminishing marginal returns. These represent opportunities to reallocate funds with little risk to sales.

In return for assuming risk, no mat-

ter how measured, an investor expects a return. Obviously, the potential for upside in the new tactics (whether in the short- or long-term) has to be evident, or else there is little point in a trial effort. But programs that have the potential to scale, tap new markets or demonstrate a new value proposition to consumers represent special opportunities. When these “big upside” opportunities are available, the innovation budget might warrant a somewhat higher level of risk.

Evaluate the effectiveness of alternative tactics. It is an unfortunate myth that many alternative tactics are hard to measure. While we certainly don’t have the same history or benchmarks we enjoy with long established media or promotional tactics, most alternative marketing tactics are as measurable as TV or print if some simple best practices are followed:

► **Plan measurement into the execution.** Proper planning makes measurement easier and more effective. Define the data to be collected (sales, leads, etc); how a tactic will be measured (test/control, mix modeling, etc); when it will be measured; and how it will be executed to ensure

measurability. Make sure that the tactic is flighted so that it is not completely concurrent with other, higher spend tactics. Maximize the richness of the data by tracking weekly, if possible, and at the most granular possible level of geography.

► **Spend enough to make an impact.**

Marketers must have realistic expectations about measurement. Even at a test level, a program or tactic must have a meaningful spend behind it to have a measurable impact. Often, a small budget can be overcome by concentrating the spend in a few markets or in a narrow timeframe so that the weight in those markets or periods is more substantial.

► **Apply the correct analytical approach.** Depending on the data and measurement challenge, there are many analytical approaches from which to choose. Where there is sufficient historical data, approaches such as Ridge, OLS, Bayesian and Pooled modeling have been used successfully. When historical data is not sufficient, then in-market tests using a test-and-control methodology can be effective. If the sales data is not easily available, proxies such as consumer attitudes or panel data might be the best approach.

Don’t make each trial a one-off. Make tactical innovation part of your marketing process. To keep up with consumers and stay ahead of competitors, marketers must innovate continually, and that innovation must be funded. Make sure appropriate funds are set aside year-after-year by planning for innovation during the budgeting process. Then make sure that trial efforts lead to sound rollout decisions by arming the organization with a set of standard measures, analytical approaches and tools for evaluating their effectiveness. ■

Douglas Brooks is director of marketing and product development for **Marketing Management Analytics**, specialists in the use of marketing mix modeling to help companies plan, measure, validate, and optimize their marketing performance. For more information please visit www.mma.com, or call 203-834-3352.

Where is Wireless?

While still developing, it is clear that we are reaching the “tipping point” for wireless marketing.

by **Wes Bray**
President
HipCricket



Wes Bray is president and chief operating officer of **HipCricket**, a provider of full-service mobile marketing services for media, entertainment, and brand marketers. HipCricket combines senior marketing expertise with mobile and event marketing technologies to offer interactivity with consumers, viewers, listeners or customers on a one-to-one level.

The company's vertically integrated solution connects seamlessly to carriers including Cingular/AT&T Wireless, Verizon Wireless, T-Mobile and Sprint/Nextel. Hip-Cricket is headquartered in Essex, CT with offices in Seattle, WA, and Sydney, Australia. For more information, please visit www.hipcricket.com. Wes may be reached at wbray@hipcricket.com.

About a year ago, *Reveries.com* fielded a survey on the potential of mobile phones as a medium for marketing. The response was enthusiastic but guarded.

Forty-six percent of the 401 surveyed marketers said the viability of mobile phones as a marketing medium was “good,” “very good” or “excellent.” By the same measure, 64 percent felt that mobile marketing would be “good” or better as a medium five years from now.

Sixty-three percent described the creative potential of the medium as “good,” “very good” or “excellent.” The primary concern expressed in the survey was the risk of spam, particularly since consumers pay for all messages sent from and received to their phones.

So, in the past 12 months, what has changed?

First of all, at the time of the survey, relatively little marketing was being done across mobile phones, and not much existed in the way of response, retention, or decay norms. Adding to those challenges, the major carriers were still sorting out different technologies and price structures, and Simple Messaging Service (SMS) was relatively underdeveloped in the United States.

While SMS is still developing, as the saying goes, “we’ve come a long way, baby.” In-Stat/MDR reported 30 billion text messages were sent in the USA in 2004, up from 11 billion in 2003, and forecasts over 100 billion to be sent in 2005. The Cellular Telephone Industry Association reports

that there are now 193 million cellphone subscribers in the US, representing approximately 68 percent of the US population.

Our own estimate is that more than 90 percent of those phones are now “data-capable,” meaning they can send and receive text messages. That is a universe of 174 million people, which is beginning to get the attention of marketers and broadcasters.

When we first began talking about wireless to marketers in the fall of 2003, the discussions were mostly about explaining what text messaging was and showing brand directors how to do it on their phones. By 2004, the leading edge of the marketing community had begun to do some testing, particularly among high-turn, single-serve consumables like soft drinks, beer, candy and snacks.

The “killer app” seemed to be in promotion, where the ubiquity of the mobile phone enabled consumers to participate in instant-win sweepstakes “anytime, anywhere.” We began to see response rates 4x to 10x historical norms of mail or email, which got everyone’s attention.

This year, the first real national/regional programs have rolled out—from Pepsi, Dr Pepper, Maybelline, Frito-Lay, McDonald’s, Dunkin’ Donuts and Timex, among others. Results are still modest compared to the potential but the handwriting is clearly on the wall: This is a new marketing medium with its very own capabilities.

And, while wireless is far from a “mature medium,” we are beginning to get a better handle on core metrics and cost effectiveness (although this information remains closely guarded by those companies that have invested in the medium). It sometimes requires understanding the medium’s unique strengths.

For example, since a positive “opt-in” is FCC-required for any wireless message to be sent to a consumer, and in fact, in most cases, the consumer is the one who initiates the contact, traditional cost-per-thousand (CPM) analysis is misleading.

Instead, we use a measure of cost-per-confirmed-response (CPCR), which measures not just reach but also confirmed consumer response.

So, while wireless marketing programs can have CPMs a little below direct mail, on a CPCR basis, they can be very cost effective. Wireless marketing does not just reach consumers, it enables a brand to interact with them in real time.

Also emerging is a better understanding of “best practices,” both to make the marketing programs more effective and to insure regulatory compliance. Here are our top four:

1) Communicate Clearly. Like any marketing program, a wireless campaign needs both reach and frequency to ensure the consumer understands what they are supposed to do and what is “in it” for them.

In the “inNw?” program for Doritos this past spring, one of the key lessons learned was not to be too cryptic in the communication of the text instructions. Billboards simply said “Txt inNw? to 46691,” with no explanation of who the message was from, what the payoff might be, or—for that matter—even how to do it.

While the billboards were intended to be a tease for the national advertising campaign, the brand would have gotten a quicker build in response had the message said, “Send a text message containing the letters INNW to the number 46691 for a chance to win one of hundreds of prizes from Doritos.”

2) Comply Completely. Since our survey, both the carriers and the FCC have put wireless marketing programs under tighter scrutiny. In the case of the carriers, it is to insure that their subscribers are not being exposed to any form of improper content, such as spam or porn. The FCC also is concerned about preventing spam, particularly from email to wireless transmissions.



To that end, it’s critical to be explicit when a consumer is opting-in for future messaging about how they can easily get help and/or opt-out. It’s just as important to be very detailed in program descriptions, so the carriers know exactly what is being transmitted across their systems. The carriers are becoming increasingly diligent about checking programs to insure you are doing what you said you would be doing. The consequence of not adhering to your program is a shut-down program.

3) Entertain Always. The mobile phone has become a device for mobile entertainment, particularly for the under-30 demographic. Technological changes coming over the next 2-3 years will make it even more so. Marketers must be mindful of this, which is not necessarily a requirement in other marketing vehicles. But the very personal nature of the mobile phone in combination with the need for permission to send messages makes it a paramount requirement in wireless marketing.

A good example of this is through the use of ShowTxt® technology at rock concerts. Instead of simply posting messages from the sponsors on the large video screen behind the stage between acts, ShowTxt enables consumers to send messages from their phones up to the video screen (appropriate content only, of course). This has everyone in the audience entertained watching the screen, so when sponsor messages are inserted among the

consumer messages, they get read by many more people.

4) Stick with SMS. Much has been made in the press about how rapidly wireless technology is evolving, particularly at the handset level. Also, the carriers are quick to boast about being able to stream video or pictures to their subscribers’ phones. However, like much of technology, most of this is about what will be, not what is.

We estimate that less than one percent of handsets in the US can accept any form of video stream. Currently, the only commercial cross-carrier MMS (picture) program in the USA is the one at the Nokia Theater in Dallas. Many of the carriers have still not set up MMS capability in their systems, and only a couple will even consider any commercial application.

Moreover, in Europe and Asia, where handset and carrier technology is well ahead of the US, SMS continues to grow year after year. Why? It is simple, it’s fast, it’s private, it’s quiet and it’s easy. And right now, 174 million phones can do it in the US. Those at the forefront actively test and adopt the new technologies to stay on the state of the art—but the current bread-and-butter is SMS.

Permission-based, mobile phone marketing clearly offers an opportunity to forge an interactive, personal relationship with individual consumers—your brand in their pocket, with their permission. The brand marketers and broadcasters who have invested in testing and developing norms, built databases, developed their “voice” to the consumer across their mobile phones, and learned the best ways to translate message to sales are now in the position to best take advantage of the potential of mobile phones as a medium for marketing as the tide of SMS rises rapidly in the US as it has already done in Europe and Asia. ■

Inside Intel Online

Intel turbocharges its media mix by tearing down its silos and centralizing its search-marketing strategy.

by **Martin Laetsch**
Manager, Worldwide Search
Intel Corporation
and
John Topping
Director, B2B Technology
Google, Inc.

At 10:15 a.m., on Wednesday, August 24, 2005, Intel introduced Intel Viiiv™—a new kind of home-entertainment technology—at the Intel Developer Forum. At the precise moment this news was announced, an online campaign was launched on Google and other search engines that directed consumers to Intel’s web site, where they could get more information.

It was the first time Intel was able to integrate its offline and online marketing activities so precisely—and it did not come easily. Intel’s ability to optimize search-engine marketing so exactly—to deliver relevant information to consumers when and where they were demanding it—is possible at Intel only after three years of intensive analysis and a major reorganization.

Of course, Intel’s interest in search marketing is not hard to appreciate. As a technology company, its consumers do tend to use the web quite heavily; research shows that about 90 percent of Intel’s customers are online and approximately 87 percent are using search engines to make purchasing decisions.

The importance of search marketing applies across virtually all product and services categories, however, and big brands of every kind need to take a hard look at how to make best use of this emerging medium. Every big brand today faces similar issues—the fragmentation of media, consumer lifestyles and distribution channels.

When ads are being “time-shifted” via technologies like TiVo or avoided altogether via satellite radio, new approaches are required, regardless of whether your product is a microchip or a potato chip.

Search marketing is an attractive option because it shows up exactly at the moment a consumer is seeking information. However, the option is open only to marketing organizations that find a way to integrate their search marketing strategies with the rest of their marketing and media plans.

For Intel—and likely for most other marketers, as well—the solution is relatively simple, although not exactly easy. In fact, it can be summed up in a single word: Centralize.

Intel centralized its search marketing activities for the simple reason that if different divisions and geographies are left to manage their own campaigns separately, both conflicts and waste are inevitable. The customer experience suffers, too.

For example, the software group might be using search marketing for software products while the embedded architecture team is using search marketing for embedded architecture. Each of the divisions is using search marketing because of its importance as part of the media mix, but they aren’t looking at it holistically; they only see things from within their respective silos.

When Intel analyzed this situation from a corporate level, it found that 19 percent of the keywords it was buying as a company were being used in two or more campaigns. Some keywords—like “Pentium”—were being used in as many as nine campaigns. In other words, the company was wasting precious marketing dollars bidding against itself for the same keywords.

This situation is very unlike that typically found in traditional media, where a marketer can easily target a message through niche publications. Traditionally, it’s easy to target audiences using media that’s appropriate to a particular marketing objective. If a marketer wants to target game developers, for example, they can buy an ad in *Game Developer* magazine or a similarly focused publication.

With search engines—because there are only a small number of major engines worldwide—marketers don’t have that luxury. When Intel buys a keyword such as “Pentium” in a search engine, anyone searching on “Pentium” is going to find

[“Search marketing is a distinctly different medium that presents distinctly different challenges.”]

it—whether they’re looking for software development tools for the Pentium architecture or for embedded Pentium processors.

The challenge is magnified when viewed on a global basis, because different markets also require different approaches. Right now, Intel is running roughly 16,000 keywords across about 500 campaigns worldwide, in every major country in the world, in 13 different languages.

Obviously, people look for terms—for information—differently in different languages. It’s critical that your keywords and your creative are specific to them, and that you use different messaging based on the research, instead of just translating campaigns from English. That would not be possible if Intel had not centralized its search-marketing activities on a worldwide basis.

How Intel Did It

Intel first had to buy into a fundamental belief that investing in search marketing was the right thing to do. The company arrived at that belief based, in part, on metrics provided by Google and other sources that demonstrated in very concrete terms the value of search marketing throughout the marketing organization.

Key to this process was data on how customers were using search engines and the types of information for which they were searching, and when. Solid intelligence was developed on how many people were looking for information on Intel products, services and technologies via search engines.

Intel also had the benefit of a few in-house success stories. Intel’s interest in search marketing began—as this type of change often does in large organizations—as a grass-roots effort. It was led by champions at a divisional level who understood the power of using the platform for their own specific objectives.

As the success of those efforts became known, that knowledge became a catalyst for change.

Naturally, there were points of resistance to a change that was so fundamental. Intel had been doing marketing the same way for about 30 years, and to change things so drastically wasn’t easy. But a passionate belief in search engine marketing helped pave the way.

At the senior level, it was decided that search marketing was important, that it had to be treated as a new and different form of media, and that it should be included in the media mix. Once there was agreement that search marketing was important, it was a matter of evaluating the organizational structure and effecting a fundamental shift.

Management & Measurement

Today, Intel can easily manage all of the countries in which it does business to make sure that it is meeting specific customer needs and that its campaigns are appropriate to each market. It’s also possible for Intel to gain a comprehensive view of everything that it is doing, up from the divisions, worldwide. The information can be broken out in any format management needs to make informed decisions.

As the saying goes, what is managed can be measured. Intel typically quantifies results by depth-of-involvement. In other words, if a consumer arrives at the Intel web site via a search engine, how much time are they spending on the site, and how deep are they going into it? Are they viewing a demo? Are they downloading a white paper? Are they signing up for a newsletter?

This type of analysis helps evaluate whether consumers are finding the information valuable, and if Intel is communicating its brand message effectively—and it can be analyzed for each and every keyword the company buys.

This much is clear: Marketers can’t afford to continue to treat search marketing as an “emerging” form of media; it should be afforded the same level of attention and importance as traditional media.

Search marketing is a distinctly different medium that presents distinctly different challenges. So, tear down those silos, and centralize—and your search for online marketing effectiveness will be a success. ■

Martin Laetsch joined Intel in August 1996 as a software engineering manager, went on to become the software internationalization manager for the Pentium® II, and later

formed an internal creative services group as a strategic communications manager for the developer audience. In 2003, Martin worked with the corporate internet marketing team to centralize all search marketing activities across the company. Previously, Martin spent several years as a senior support engineer at Microsoft, working with the Windows® desktop operating system.



John Topping is the director of the technology B2B vertical at Google, where he is responsible for developing communications and partner development strategies for Google’s advertising

offerings to business-to-business technology companies. John works closely with Google’s national sales team and technology advertising customers on building successful global advertising partnerships with Google. John joined Google from IDG’s *Computerworld*, where he was vice president of sales, and previously was publisher of CMP Media’s *Network Magazine*, Hypermedia Communications’ *NewMedia Magazine* and *newmedia.com*.



Alive & Well in the C-Suite

Ernst & Young extends its iconic advertising campaign online and connects with its elusive, c-suite audience.

by **James Brubaker**
Senior Vice President
GlobalWorks

Most people seem to believe that web surfers ignore online advertising. This should come as no surprise, as banner ads were pronounced dead years ago. And yet, like the old Monty Python gag, banner ads seem to be saying “I’m not dead!”

In fact, they appear to be quite healthy, even thriving. Forrester Research projects that online will account for eight percent of all ad spending by 2010—rivaling cable/satellite TV and radio. Forrester also reports that half of all marketers plan to increase online spending by decreasing spending in other channels.

Why is this happening? Do online ads work? Well, online is definitely working for Ernst & Young. The professional services giant has found online to be quite effective at reaching and engaging its elusive target audience of c-suite *Fortune* 1000 executives.

It is surprising to learn that c-suite executives actually are heavy internet users and have come to rely on the internet as their primary source of business information. According to MRI, virtually all senior-level executives are online, and

Forbes reports that most c-suite executives consider the internet to be their primary source of business information.

In addition, more than half of all c-suite executives say they go online before starting work each day, according to a GartnerG2 and *Forbes.com* survey. Finally—and perhaps most compelling of all—c-suite executives believe that the internet is the best way to advertise to people like themselves, as reported by *NYTimes.com* via a study conducted by Nielsen/NetRatings.

Accordingly, GlobalWorks, as E&Y’s online agency, developed and executed a series of online advertising campaigns to elevate the profile of E&Y’s business advisory services among the *Fortune* 1000 c-suite across a wide range of industries, including banking, pharmaceutical, automotive, oil & gas, and transaction advisory services.

The campaign helps communicate Ernst & Young’s message in a fresh, witty, intelligent and exciting way. Each ad is executed in Ernst & Young’s distinctive “icon campaign”—characterized by bold imagery and telegraphic text. This animated iconographic approach is quite

Close

Test your **Auto IQ.**



A new car hits the market. How much did it cost to provide healthcare for the employees who produced it?*

- A. \$800
- B. \$1,000
- C. \$200
- D. \$400



*In the U.S., on average, for current and retired employees

distinctive and rather unconventional in the professional services category, helping Ernst & Young to break through the clutter online.

The ads proved very effective in driving c-suite executives to Ernst & Young's website; indeed, click-through rates are ranging as high as 6.89% percent.

Those who clicked through were rewarded with relevant, thought-leadership content covering hot topics, such as "Making Confident Decisions," "Understanding Foreign Markets," and "Minimizing Risk." At the same time, the executives were invited to learn more about Ernst & Young's business advisory services.

The firm found that its target audience is often surprised to learn that the firm is more than "just an auditor"—that it can help monitor a pharmaceutical company's distribution network to stop counterfeit drugs, or assist an automotive company enter overseas markets by offering native insight into business and cultural practices.

In other words, it is newsworthy to c-suite executives that the firm offers such a wide range of professional services and they appreciated the information.

Perhaps surprisingly, Ernst & Young is even finding that animated quizzes are also effective at engaging c-suite executives to interact and learn. In fact, interaction rates for quiz-based banner ads are in the 5-6 percent range—proving once again c-suite willingness to engage and interact with highly relevant online messages.

Above and beyond the strong click-through and the interaction rates, the online advertising is also working to build Ernst & Young's "brand awareness" by extending its iconic image advertising campaign to the web—and, as such, directly to the desktops of its c-Suite audience.



So, when it comes to online advertising, don't call the coroner. It seems the old Monty Python gag rings true after all!

Mortician: Bring out your dead! Bring out your dead!

Customer: Here's one—nine pence.

Dead Person: I'm not dead!

Mortician: What?

Customer: Nothing—here's your nine pence.

Dead Person: I'm not dead!

Mortician: Here—he says he's not dead!

Customer: Yes, he is.

Dead Person: I'm not!

Mortician: He isn't.

Customer: Well, he will be soon, he's very ill.

Dead Person: I'm getting better!

Customer: No, you're not—you'll be stone dead in a moment.

Mortician: Oh, I can't take him like that—it's against regulations.

Dead Person: I don't want to go on the cart!

Customer: Oh, don't be such a baby.

Mortician: I can't take him...

Dead Person: I feel fine! I think I'll go for a walk. I feel happy...I feel happy.

© Python (Monty) Pictures Ltd.

To view demos of Ernst & Young's online campaign, please play the mini-CD enclosed with this issue of The Hub, or visit globalworks.com/ey ■

James Brubaker is senior vice president and worldwide account director of **GlobalWorks Group**, an independently-owned, global advertising agency. In addition to managing the Ernst & Young account, James also runs the Lucent Technologies business for which GlobalWorks is agency-of-record in the U.S. and worldwide. Prior to joining GlobalWorks, James was SVP Management Director at FCB in New York where he led the successful charge to reposition 1-800-CALL-ATT for AT&T, overseeing award-winning campaigns recognized for generating a surge in collect and calling card call volume. Throughout his career, James has worked on a variety of global brands, including Benetton, Burger King, V8 & Trident. James can be reached at jbrubaker@globalworks.com.



Audi's *Art of the H3ist*

“Attention: If you have any information regarding the location of a 2006 Audi A3 with VIN WAUZZZ8P65A045963 please contact Audi of America at audiusa.com/A3 or call 1-866-OK RECOVER.”

That was the exhortation delivered across an expansive multimedia platform kicking off the launch of the Audi A3—*The Art of the H3ist*. An evolving thrill ride, *The H3ist* broke conventional advertising wisdom and turned its audience into participants. In the end, the effort created new and powerful conversations between Audi and its A3 audience.

In the spring of 2005, McKinney and Audi of America launched a new entry into the crowded American automotive market.

First, a segmentation study was initiated to identify, substantiate and quantify the Audi driver. The resulting targets were called “Type-I” for their intelligent, independent, innovative and influential nature.

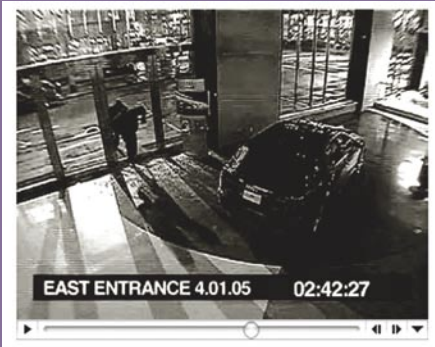
It was concluded that the most A3-receptive Type-I’s were young males (25-34) who were highly affluent (\$150K+), stylish, tech-savvy, web-addicted, extremely active, mobile and detached from traditional communications.

To add dimension to this target, McKinney and Audi looked past focus groups and conducted “anthropological digs”

into the target’s lives. Entertainment was a strong presence in their lives. Specifically, the group gravitated toward content such as *The DaVinci Code*, *Metal Gear Solid*, *24* and *The Bourne Identity*, among other similar titles.

That kind of close-to-reality content tantalized them. The complex, serial story lines involving cunning and secret alliances intrigued and absorbed them as the group often associated themselves into the stories. From this insight, it was decided to invite them into an A3-centric alternate reality that put them in control. The objectives were clear:

- 1) Enable discovery of the A3.
- 2) Encourage active participation among those most likely to create viral interest.
- 3) Offer multiple entry points, recognizing different levels of desired participation.
- 4) Create an emotional connection to the Audi brand.
- 5) Translate that emotional connection into transactional interest.

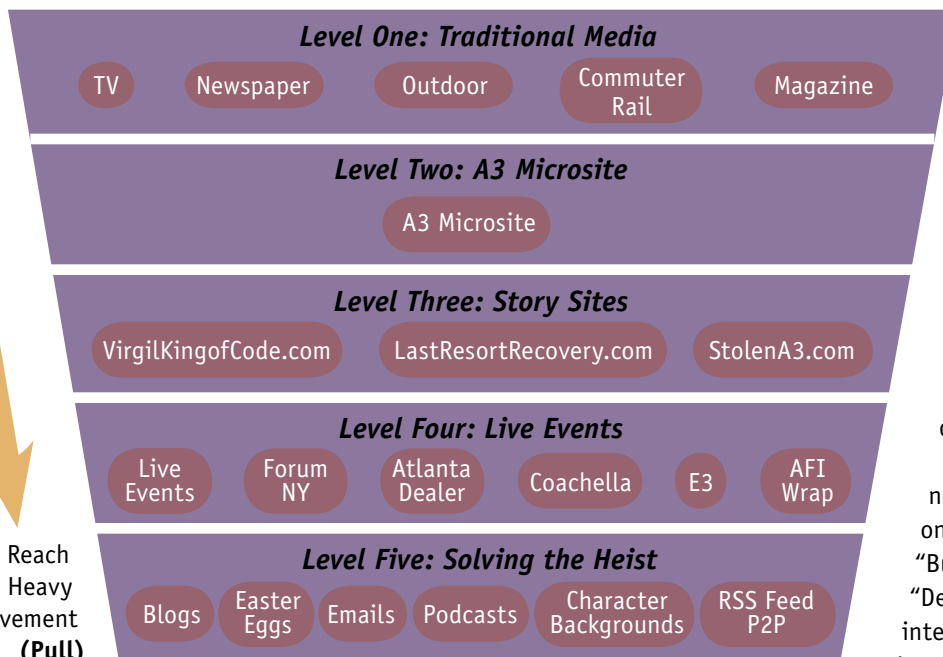


Audi and McKinney
send web-addicted
consumers on a thrill
ride into an alternate
reality—and turn
internet buzz into
Audi A3 sales.

by **Stephen Berkov**
Director of Marketing
Audi of America
and
Brad Brinegar
President and CEO
McKinney



Broad Reach
Lighter
Involvement
(Push)



Pinpoint Reach
Heavy
Involvement
(Pull)

We knew that if we could impress this tight community of sophisticated, hard-core gamers with the depth and intelligence of the program, they would proselytize for Audi and the A3 to a broader target, creating the right kind of “buzz” around the launch.

The solution was to embrace the consumers’ sense of control over their environment and invite this audience into an immersive campaign called *The Art of the H3ist*—a campaign that used every possible type of media to create a 24-hour-a-day alternate reality. The *H3ist* was unprecedented in the way it blurred the line between fact and fiction: Customers didn’t just watch it unfold; they actually played a role in it.

Created in collaboration with a team of Hollywood screenwriters, *The Art of the H3ist* included plot twists, blackmail, murder, double-crossed lovers, cross-country car chases and revenge. Among other things, McKinney and Audi hired actors, staged scenes at high-profile events, created web sites for fictional businesses, involved fans in secret missions and even convinced the press to interview the actors in-character.

The program kicked off with the theft of an A3 from Audi’s Park Avenue dealer-

ship on April 1st. At the heart of the story were six new Audi A3s containing coded plans for the largest art heist in history. However, one car contained the key to decrypting the information hidden in all the others. As the drama unfolded in real time over the course of three months, the A3 literally became the most sought-after car in North America.

The results of Audi’s *Art of the H3ist* speak for themselves:

- ▶ More than 46,728,191 PR impressions were generated, including coverage in the *Wall Street Journal*, *BusinessWeek*, *Adweek*, *Financial Times*, *Advertising Age*, *Forbes.com*, *Boston Globe*, *VH1*, and blogs.

- ▶ Approximately 500,000 consumers participated in the story, and some 2,000 online discussions occurred around the heist. Fans created seven *H3ist* sites, including “Top 10 reasons to play *Art of the H3ist*,” and many A3 owners called to relate stories of how they were stopped and asked if their car was the missing car.

- ▶ Story-supporting microsites reported more than 700,000 hits within the first two weeks of the *H3ist*, with a total of about 45 million impressions generated for all of the web sites involved in this campaign. *StolenA3.com* received more than 203,000 visits, with an average stay

of five minutes; visitors spent 4-9 minutes on *H3ist* microsites, while 51 percent of A3’s microsite traffic was related to *The Art of the H3ist*.

- ▶ New car leads increased 87.5 percent through audiusa.com in the first two weeks of the launch, with 10,000-plus leads sent to dealers and 16,000-plus A3 shopping indicator actions were recorded, including 13,363 A3 quick-quote requests.

- ▶ After clicking on *The H3ist* banners, 33 percent of page views were on “buying indicator pages” such as “Build your own,” “Request a quote,” “Dealer locator,” etc. This meant that interest in the story directly translated into interest in the A3.

- ▶ The bottom line is, 30 percent of all available A3s were sold in three months, which is on track to meet aggressive sales goals. ■

Stephen Berkov is director of marketing of **Audi of America, Inc.**, which he joined in the U.S. in September of 2004. Previously, he was part of the management team with the parent company, AUDI AG, in Germany, as well as Audi Japan KK, the company’s Tokyo subsidiary.



Brad Brinegar is president and chief executive officer of **McKinney**, an advertising agency with clients including Audi of America, Sony Electronics, Qwest Communications, The NASDAQ Stock Market, Travelocity, RARE Hospitality, Polaris Industries and American Airlines Cargo. Brad began his career in 1979 at global advertising giant Leo Burnett where he became CEO in 2000. He can be reached at brinegar@mckinney-silver.com.



Strategy of Engagement

How Dreyer's ice cream creates brand evangelists—and triggers product sales—with online promotions.

by **Jim Holbrook**
CEO
Zipatoni

Dreyer's ice cream got a really good taste of the promise of online marketing a couple of years ago when it asked consumers to go online and "dream up ice cream flavors that paid tribute to the heritage and distinctive qualities of their home states."

The grand prize-winner of the promotion, called "Scoop of the USA," was 13-year-old Kalli McClure of Lawrence, Kansas, creator of "We're Not In Kansas AnySMORE." Kalli described her flavor as "vanilla ice cream with clouds of marshmallows, a vortex of chocolate swirls and graham cracker debris."

Kalli's prize included a \$1,000 U.S. Savings Bond, plus the honor of having her flavor produced by Dreyer's in a limited run. The other big winner was, of course, Dreyer's itself, which parlayed its online promotion into a bonanza of several million dollars worth of free publicity.

It wasn't as though Dreyer's was totally new to online promotions. The brand actually had been deploying online promotions since 2000. Among other initiatives, it had experienced success with an online game called "Cone Factory," where kids could create fictional flavors and win

cool prizes based on how popular their creations proved to be with other players.

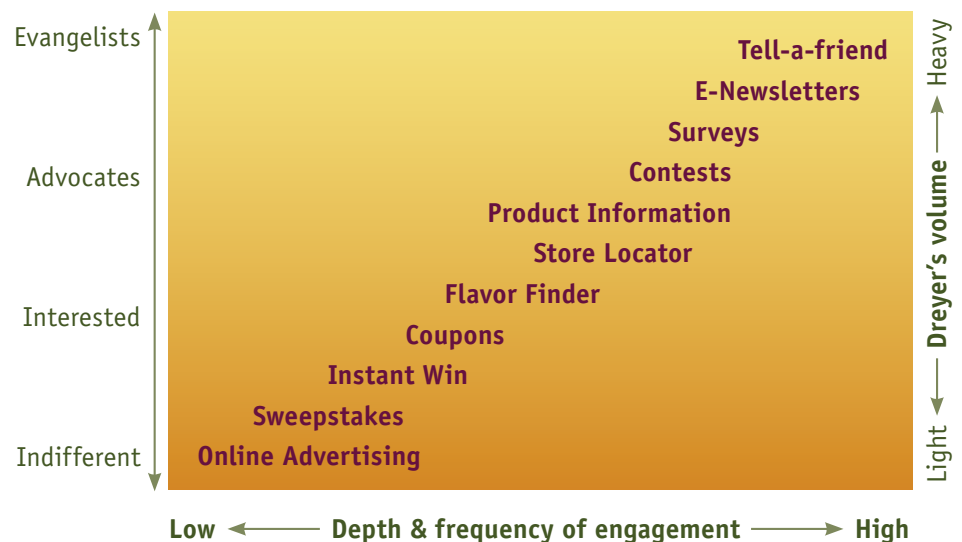
In another campaign, consumers went online to spin a wheel (actually a spoon on a bowl). If the spoon landed on Dreyer's ice cream, the prize was a free carton or a year's supply of ice cream. It worked: According to a follow-up survey, a strong majority of consumers bought one or more cartons of the ice cream after they experienced the promotion.

Like many other Consumer Packaged Goods (CPG) companies, Dreyer's arrived in cyberspace with a low-margin, low-consideration product in a category where consumers tend to buy whatever brand happens to be on sale. Unlike certain other very large CPG marketers, Dreyer's does not carry a broad portfolio of products that might be readily rolled up into an online community of, say, new mothers.

What Dreyer's did have, however, was a product—ice cream—that is inherently high interest. Most people do tend to associate ice cream with happy moments in their lives, and have an emotional connection to it.

From that perspective, the online opportunity for Dreyer's was strong. The opportunity—or "strategy of engagement" as

DRYER'S INTERNET STRATEGY OF ENGAGEMENT



Dreyer's calls it—was to use the internet to increase both purchase intent and loyalty by increasing the consumer's depth of engagement with the Dreyer's brand. In a nutshell, the goal was to move consumers from the realm of "indifferent" to that of "evangelist":

Indifferent: "I'll buy whatever ice cream is on sale or what I'm in the mood for."

Interested: "That Slow Churned™ Light Cookie Dough looks delicious! I think I'll pick up a carton on the next trip to the grocery store."

Advocate: "Heinz is my favorite ketchup, Diet Coke is my favorite soft drink, and Dreyer's Slow Churned Light is my favorite ice cream. Why would I try something different when I've already found a product I love?"

Evangelist: "Dreyer's Slow Churned Light is unbelievable! I served it at my last Bunko party and my friends agree."

The key is, every online activity requires a different level of consumer involvement; depending on a consumer's attitude and their level of interest, some activities are more effective than others. For example, online advertising is a great way to reach a large number of target consumers, but also requires little engagement or effort on the part of the consumer.

On the other hand, consumers who use a "store locator" tool or sign-up to receive and respond to e-newsletters are exhibiting high levels of brand engagement and purchase intent. The strategy, therefore, is to ratchet each consumer to higher levels of engagement with each subsequent marketing activity.

In its most recent online effort, Dreyer's showed that the primary tactic need not be anything more complicated than an FSI coupon. But for Dreyer's it was an FSI coupon with a twist—the coupon was not redeemable for cents-off on a carton of ice cream. In fact, it didn't even show the product. Instead, the coupon was designed to

drive consumers to the Dreyer's website to find out what was new with Dreyer's.

They wouldn't be disappointed. The news was that Dreyer's was re-launching its "light" ice cream under the "Slow-Churned Light" brand, a new formulation based on a proprietary technology that makes "light" ice cream taste just as rich and creamy as regular ice cream. If you haven't tried it, you should. It's really, really good.

Once consumers had arrived at the website, Dreyer's engaged them with an instant-win game and a chance to win a lifetime supply of Dreyer's Slow Churned Light ice cream. It was also possible to "instant-win" a free carton.

The game opened with a flash movie that took visitors through a storyline that looked a lot like the brand's television advertising campaign. The difference was, the online visitors ended up at a freezer case where they were asked to choose one of three doors. If they chose the correct door, they won a free carton and were registered in the contest to win the lifetime supply of ice cream.

On the back end, Dreyer's collected data so that they could send future messages to people not only about Slow-Churned Light but also other Dreyer's brands. There was also a viral component, where consumers sent tell-a-friend messages to three other people, using a free entry into the "lifetime supply" sweepstakes as the incentive.

Then, as a follow-up, consumers who opted-in were surveyed with some follow-up questions about their purchases during the promotion period, and the results clearly indicated a significant promotional success for Dreyer's.

Concurrently, Dreyer's ran an online promotion called the "Two Scoop Neighborhood Salute," in which 1,500 neighborhood "block parties" were given away. In this case, the website not only promoted the contest, but also carried how-to information on organizing block parties.

The promotion was inspired by a consumer survey, sponsored by Dreyer's, that found that "more than half of Americans (55%) believe they are less familiar with their neighbors today than their parents were with their neighbors a generation ago." The "Two Scoop Salute" was designed to create a sense of community among Dreyer's consumers.

Like the "Scoop of the USA" promotion before it, the promotion generated considerable publicity. Even more important, it actively engaged consumers with the Dreyer's brand, furthering the "strategy of engagement" by combining the best of online and offline promotional activities.

Ultimately, of course, the proof is in the sales, and here the evidence from a post-promotion survey is compelling: Ninety-four percent of all ice cream purchased after the promotion ended was Dreyer's. Total sales lift: Five percent.

The Dreyer's example also shows great success can begin with traditional tactics. In fact, it's often best to use traditional tactics—sweepstakes and contests—to get people's attention. And once you've got their attention, to weave the product into the interactive experience on an ongoing basis.

The way to consumer's hearts (and pocketbooks) increasingly is through their web browsers. And a little ice cream helps, too. ■

Jim Holbrook, President and CEO of Zipatoni, began his career at Procter & Gamble in the early 80s, and later became chief executive of the Beech-Nut baby food subsidiary and assistant to the Chairman of the Board of Ralston Purina. In 1996, Jim became enchanted with the lure of Zipatoni and helped lead the agency from a 60-person creative boutique to a 200-person force in the industry. He can be reached at jim.holbrook@zipatoni.com.



The Mailbox is the Message

The U.S. Postal Service is making its medium its message with *Deliver*—a new magazine that raises the bar on best practices in direct mail.

by Anita Bizzotto
Chief Marketing Officer
U.S. Postal Service



Picture yourself in this scenario: Your company's next great "whip the world" product will go to market in three months. The advertising budget is locked in and now you need to come up with a campaign. Your challenge is to build brand awareness rapidly and motivate action or purchase among your target audience.

Pretty familiar stuff, right? All you need now is the campaign. Here's when things that were familiar are suddenly no longer what they once were. Consumers are more elusive and media choices are less reliable. Tough as it might be, choices still have to be made.

Increasingly, those choices are including direct mail. Recently, Robert Coen of Universal McCann predicted expenditures on direct mail will rise by 8.5% this year while overall advertising expenditures will grow by 5.7%. Direct mail's share of advertisers' overall spending is projected to grow from 19.8% to 20.3% by year-end.

So what's going on? After all, mail is older than dirt. On one level, mail keeps doing what it's always done. It keeps making that personal connection to the precise audience a marketer wants to reach. But that doesn't fully explain why advertisers are increasing their investment in mail. What we see is an awakening occurring. It's as though many of you thought you were driving a dependable little three-speed car only to discover you were really driving a hot five-speed muscle machine.

To help marketers discover the higher performance potential of mail in campaigns, the United States Postal Service realized it needed to create a resource of best practices in direct mail.

There are a lot of publications out

there that inform on the advertising industry, the marketing industry and even the direct marketing world. But there is still a gap in all of these publications in that no single marketing journal concentrates solely on direct mail. At the Postal Service, we are committed to changing the perception of direct mail as "other" when it comes to advertising categories.

Enter *Deliver* magazine in February of 2005. Published six times per year, *Deliver's* mission is to demonstrate the innovative possibilities of direct mail when combined with advertising and the rest of the media and marketing mix. It reminds marketers that there is creativity in the mail with examples of the energy that can be found in the mailbox—there's a "brand in hand" philosophy behind mail.

Through best-practices case studies and opinion pieces written by CMOs, thought leaders and marketing strategists, brand marketers looking for new and innovative frontiers in direct marketing will discover solutions to the daily test of making marketing dollars work harder.

In its first three issues, *Deliver* has featured insightful case studies from a diverse array of marketers, including Harrah's Entertainment, Canon U.S.A. and Herman Miller. To give you a sense of the kind of informative articles that fill →

General Motors: Market Mover

Using information from its owner database, plus detailed transactional information gathered from its co-branded credit card, General Motors is compiling a database that allows it to model its customers, develop targeted offers and measure the results to see what works.

It's what the group's leader, Jack Bowen, general director, GM-CRM, likes to refer to as optimization of data. "There's a big difference between having a transactional database and having a marketing database," he observes.

For example, a database might segment a cardholder as a "high-volume transactor" but that doesn't necessarily provide the insight and detail needed to create a marketing strategy aimed at that person. So, Bowen and his team created categories that gave marketing teams some hint of intent-to-purchase and how to target appropriately.

In addition, they built in the tools they needed to be able to access the information in a meaningful way: quick list pulls, campaign tools to evaluate specific offers and a feedback loop to collect data on the transactions that did occur and the of-

fers responsible for making those sales. Most important, they instituted ways to measure ROI throughout the process so that the company understands how much it's spending to make those sales, and which offers succeed most efficiently.

Those changes have led to recent successes, Bowen says. In the past year, using information from its CRM database, the company doubled the lift on its sales offers while significantly decreasing the costs of each of those offers, he says. He also notes that without changing its sales rates, the company has been able to reduce its redemption expenses by effectively analyzing and targeting its offers.

Bowen says he often thinks about how all this emphasis on data and targeting is changing the nature of advertising, asking his marketing partners, "When did advertising become about process and structure and data? It used to be about ideas." The answer, he says, is simple. "It's still about ideas, but now the idea needs to be delivered with the right level of process and thoroughness and accountability."

Excerpted from "Market Mover" by Dan Grantham, Deliver (May 2005).



Sample of a GM Card retail offer with variable incentives.

John Deere: Growth Strategy

"For us to do any national advertising or promotion, including prices, on behalf of our dealers becomes very difficult," says Scott Ford, advertising and retail manager for John Deere Parts and Service Marketing.

For example, the company's Agricultural Equipment Division works with nearly 1,500 dealers in markets all around the country, and labor costs alone vary widely, says Ford. Sometimes, he notes, dealers in the same county have different labor rates.

So the division, which accounts for a major portion of the \$19.9 billion in sales generated by the company overall, has turned to PromoXpress, an online program that lets dealers access templates to create customized mailers and postcards based on a number of available offers.

The result is a system that lets John Deere control the offers, the branding and its image, but still gives dealers the flexibility to set prices, choose the most relevant offer and set timing. In short, it gives each side what it wants: flexibility and control.

Using PromoXpress, dealers can create direct mail pieces in about 15 minutes, putting marketing materials in customers' hands within two weeks. Thirty-five templates are currently available; Ford expects an increase to 60 or 70 in the future. The minimum PromoXpress order is 100 pieces, with postcards at \$0.40 each and self-mailers at \$0.75 each, postage included.

To supplement the program, John Deere's Agricultural Divi-

sion provides a web-based mailing list program for dealers called "Customer & Market Profile Mapping," which provides names based on delivery receipts from new and used equipment sales. Using the program, dealers can run filters to specifically target customers with offers that will best appeal to them based on the equipment they own or may need.

Teri Peterson, director of marketing for Kleine Equipment Inc., a John Deere dealer in Galesburg, Ill., says her company sent out eight separate mailers during the first two months of 2005. "It's just stupid if you don't use these," she says. "For three cents, you're getting a postcard and making an impression," referring to the investment required by dealers.

Prior to PromoXpress, Kleine's direct mail campaign costs ranged from \$0.65 to \$0.80 per mailing for postcards and postage. "What was taking me two to four days before now takes five minutes and I'm done," says Peterson. Dealerships are automatically added to PromoXpress mailing lists, so stores receive direct-mail pieces the same day customers do.

"It's out of my hands and I don't think about it until I see a direct-mail piece in the mail and I know my customers have theirs," she says, adding: "I think consistency and frequency are the best ways to get results in marketing your business... and PromoXpress helps with both of those goals."

Excerpted from "Growth Strategy" by Christine Hansen, Deliver (July 2005).

Southwest Airlines: Perfect Takeoff

Despite being part of an industry rocked by terrorist warnings and increasing jet fuel costs, and one in which an empty seat is revenue missed, Southwest Airlines has moved steadily forward, building business by building customer relationships.

To that end, Southwest uses massive television buys to get its humorous and memorable ads in front of as many people as possible. But it backs that with direct mail and e-mail campaigns that also build the business.

"We've found that if you have some kind of continual program in place, you have better ROI," says Susan E. Parker, senior director of marketing programs. "You also have a more logical communications plan to the customer. They're hearing from you regularly with meaningful information, so they are going to be more receptive to your offers."

Regardless of the channel used, the goal for each is the same: Drive customers to the web site where more than 60 percent of all the company's revenue is booked. Since its inception in 1971, Southwest has offered customers access directly as well as through travel agents. In the old days, the company relied on call centers, but the bulk of business has now shifted to the web.

Much of the direct campaign is aimed at members of its frequent flier program, Rapid Rewards. But the company also drives its fair share of casual fliers to its web site. For example, Southwest has more than 4.3 million subscribers for its weekly Click 'n Save fare e-mail list. The feature is so popular that Southwest derives more than half of its annual revenue from the specials.

And while the company is highly secretive about numbers related to its Rapid Rewards program, industry reports say members redeemed about 2.5 million free flights in 2003, up 13.6 percent in a year when most other airlines saw a decline in their numbers.

Yet even as it drives passengers to the web to book travel, Southwest still finds time to send many of its members a birthday card in the mail. "There's absolutely no solicitation for business, no offer," says Parker. "It's strictly a love letter, if you will, from Southwest to the customer celebrating his or her special day."

And it works. "Overwhelmingly, year after year we receive the most comments on this simple, personal initiative," says Parker. "Customers write to thank us for being so thoughtful and caring."

So far, it's been a flight pattern for success.

Excerpted from "Perfect Takeoff" by Christopher Hipple, Deliver (March 2005).

← *Deliver's* pages, we've included three excerpts of articles featuring:

► **Susan Miller of Southwest Airlines**, who explains how the carrier has soared past its rivals, delivering enviable ROI through a deft combination of television, the web and, of course, direct mail.

► **Scott Ford of John Deere**, who details how an innovative online tool called Promo-Xpress has given its dealer network a quick and effective means to connect with their customers via customized direct mail campaigns.

► **Jack Bowen of General Motors**, who articulates his approach to database marketing, and his view of the relationship between a big idea and a big return on marketing investments.

Deliver has also featured great thinking from great marketers such as Doug Holroyd of McKinney, Don Peppers and Martha Rogers of Peppers & Rogers, as well as Fred Rubin of Deutsch, Inc. And our inside back page is always reserved for CMOs like Shira Goodman of Staples, offering their perspectives on the creative potential of direct mail in today's marketing environment.

By publishing our own magazine and direct-mailing it to our own targeted database of 350,000 CEOs, corporate marketers and their creative agencies, the U.S. Postal Service intends to practice what it preaches and use the direct medium to "deliver" the key message.

If you haven't seen *Deliver* yet, visit www.usps.com/delivermag to sign up for your copy. We'd also love to have you contribute some thoughts. Let our publisher, Patrick O'Connell, know if you'd like to write a column—from technology points, to brand launch and even an agency viewpoint, we can use your ideas to fuel the growth of the direct mail industry together. ■



Anita J. Bizzotto is chief marketing officer and senior vice president of the **U.S. Postal Service**. In this role, Bizzotto, a 31-year postal veteran, reports directly to the Office of the Postmaster General and is responsible for Sales, International Business, Customer Service, Product Development, Pricing and Classification and Advertising, and private express statute administration.

The recipient of several prestigious awards, Bizzotto has received the National Newspaper Association's Chairman Distinguished Service Award in 1997 and the Graphic Communications Association's Donald A. Mumma Award in 1995.





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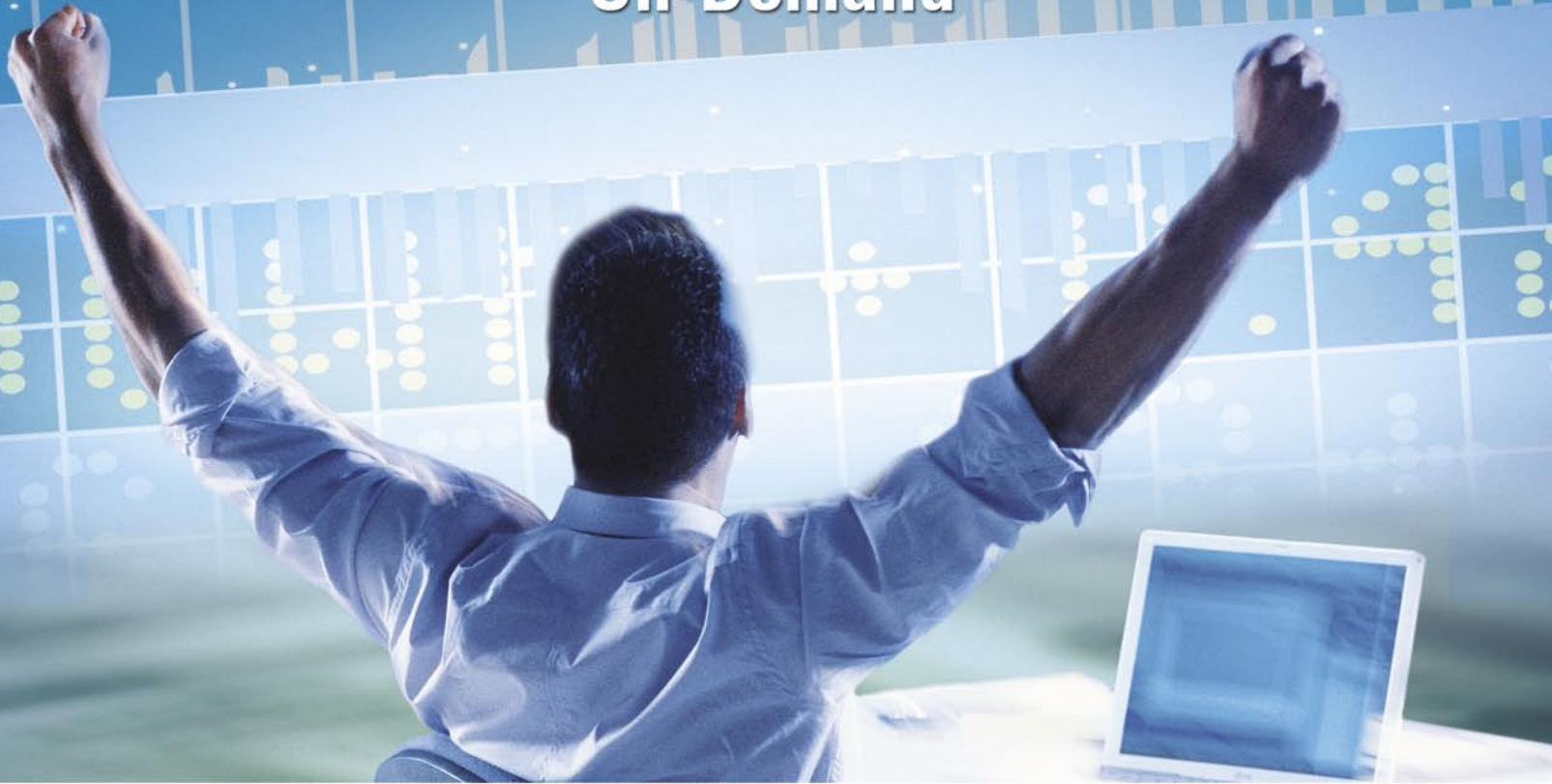
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