

THE HUB

THINKING MARKETING FOR BUSINESS VISIONARIES™ | July / August 2006

BRAND DESIGN

Times Infiniti

Nissan
vice president
Jan Thompson
on how a passion
for “vibrant design”
is driving a high-wire
revival of a formerly
faltering brand.

How has a change in design changed the way you think about marketing for Nissan and Infiniti?

Design extends to every aspect of our products. It's not just about the look of the cars, but also the art direction and how our campaigns are written. Everything we do is impacted by design. For Infiniti, in particular, we continuously challenge ourselves, and our agencies, to make sure that everything we do embodies what we call “vibrant design.”

What is “vibrant design”?

It's the soul of the Infiniti brand. Design informs every Infiniti product in terms of performance, intuitive technology and luxury.

We try to get that message into our marketing by using a single stylized brush stroke that conveys the lightness of the vehicle as well as its spirit and style. It's a Japanese art form, a kind of calligraphy, called *Shodo*.

It is not just a visual design; it's all five senses coming together to create a more holistic design positioning. I can sit here in the morning and I can tell that an Infiniti FX35 just pulled into the parking lot.

This total design platform is our strength and it distinguishes our brand in the luxury segment. When you can hear it, and not even have to look at it to recognize it, that's pretty powerful.

What exactly does your design say to consumers that really separates your cars from the pack?

It's the passion for design that's at the heart of every Infiniti product; it's the ultimate expression of our brand. That passion is conveyed through the vehicle so that there's a real emotional aspect to our brand. It's not just another car. It conveys the spirit and style of the vehicle. There's a lot of emotional conveyance that comes through the product to the consumers.

Is there a difference in the message for a Nissan versus an Infiniti?

While Infiniti very much hangs its hat on “vibrant design,” on the Nissan side, “performance” is the main pillar. Nissan is fun to drive and certainly its styling is important, too. They're similar in a way, but the luxury element is what really separates Infiniti from Nissan.

What gave you the confidence that these new and very different designs would be well received by consumers?

Consumers are saying, give us something different; give us something more.

When Carlos Ghosn came in as CEO, he didn't want the ordinary. He is a very passionate man, and he hired one of the top designers on the globe, Shiro Nakamura, who has a history of challenging the status quo.

The Infiniti FX35 is a perfect example of →



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← “no fear.” The idea was to show people we’re not afraid to do something different. When a company hangs its hat on design, all of a sudden it frees the designers to really go out there with it, and they’re doing that. And we’ve got a management team here that is really open to new kinds of design and style. Of course, we conduct clinics with consumers to get their opinions, too.

Is there something special about your consumers that dramatically separates them from other consumers?

Yes, and you see it in the research data from Strategic Vision, which tracks consumer opinion for the industry. Our drivers want cars that are “fun to drive.”

Even more than BMW drivers?

Well, let’s look at the data on purchase reasons, especially for Infiniti. Number one, for Infiniti, it’s “fun to drive” and number two is “well-made vehicle.” For BMW, “fun to drive” was second. BMW had “well-made vehicle” as number one. Number three for Infiniti was “exterior styling” and then you’ve got to jump down five more places for BMW to get to “exterior styling.”

BMW has also been daring with its exterior stylings.

That goes to show you how much of a double-edged sword it is when you push the envelope. It can be accepted or rejected. The testing we do with consumers is important, and so far, so good. We’ve had great luck with the styling and design.

But there does seem to be a little bit of a love-it or hate-it with your cars, too. Are the designs intended to be polarizing?

That’s just the outcome of design. That’s the risk when you break out of the pack and say that you’re not going to make an ordinary vehicle. When you’re in a challenger role, like Nissan is — and certainly like we were in 1999 — you’ve got to come out swinging, and you can’t come out swinging with something that’s vanilla. You need Neapolitan.

You’ve got to take that calculated risk — not go too far — but take that calculated risk and get people to look at you. It helps the marketing, too. When we’ve got a beautiful vehicle, it makes my job, as a marketer, a lot easier.

How have gas prices and environmental issues affected your design? Are the cars lighter, for example?

It’s more things like the addition of flexible fuel. We have that on the Nissan side with the Titan, and it will be coming out on the Armada. We’ll extend it to other models, as well. We also have a HEV (Hybrid Electric Vehicle) coming in the Altima. Alternative fuels are something we’re studying — fuel cells, ethanol, diesel, new hybrid systems.

Would that affect the styling?

Probably, to some extent, depending on how we accommodate some of the new technology. But I can’t comment on that today.

What’s the relevance of a project like the Pivo relative to the future of design at Nissan? (see sidebar)

It’s to demonstrate what’s possible. Everyone falls in love with the Pivo. It’s the opportunity for the styling and design people — and the engineering — to show where Nissan is going and how we think. Same is true with the Urge. In that case, Nissan Design hooked up with kids online to tap into what they really want in a car. We built the Urge as a concept car and kids just went nuts over it at the North American International Auto Show. It’s a great statement for the brand and the company.

What do you learn from the student design contests that Nissan runs?

It keeps everybody sharp. There’s no question about that. When you get young people with their perspective on things, coming from their world, they challenge conventional thinking and spark ideas that we never would have thought of. We also get to see who the up-and-coming stars are and maybe get them in line with Nissan’s thinking — show them how cool we are so they consider maybe having a career at Nissan when they get out of school.

You have a program called Infiniti in Black, for African-American consumers. What’s the thinking there?

“Infiniti in Black” created a very sensitive, wonderful, portrayal of artistic expression of the African-American community. African-Americans are a very important market

Meet the Pivo

Looking “like a cross between a golf cart and an egg timer,” the Pivo, a concept car from Nissan, uses electricity to challenge assumptions about automotive design, reports Jathon Sapsford in *The Wall Street Journal*. That “the driver must always look out one side” is the most notable assumption attacked by the car’s design. With the Pivo, the driver sits not on the left or the right, but in the middle, with a passenger on each side.

That arrangement works because the Pivo’s “round, glass passenger cabin... twirls around like a gunner’s turret atop a World War II-era bomber.” What that means is that “a driver who went forward into a parking space wouldn’t have to back out, but would merely turn the cabin around instead and drive straight out.”

In addition, the driver doesn’t “necessarily have to face the same direction as



any of the wheels.” As noted by *Gizmag*: “Because the platform has a longitudinally symmetrical design, the driver’s perception of the car’s corners does not change even when the cabin is rotated 180 degrees.” In addition to enabling the pivoting cabin, the Pivo also replaces “mechanical linkages with electronic signals” for steering, braking and shifting, reports *Gizmag*. The result is “more flexibility in the layout of these functions because they are “no longer governed by mechanical linkages.”

An “around view monitor” meanwhile “generates a 360-degree view of the car’s surroundings on a dashboard monitor,” while a “dash-mounted infrared commander allows drivers to operate the navigation system and audio system without taking an eye off the road or fumbling around for controls.” Of course, the Pivo only goes about 50 mph, but it is really designed for city driving only. But that’s somewhat beside the point.

As Nissan designer Masato Inoue told the *Journal*: “Battery costs are falling, while power is improving... As cars use more and more electricity, it opens up new possibilities.” Alas, to own a Pivo is one possibility that’s not yet in the offing. Nissan currently has no plans to produce it for the mass market.

—Tim Manners, *Cool News of the Day*, *Reveries.com* (11/30/05)

for us. On the Nissan side, African-Americans account for just over nine percent of our total sales. Nobody else — Toyota, Mazda, Honda — even breaks five percent. On the Infiniti side, African-Americans account for five percent of total sales. Mercedes tops us, but nobody else is even close — Lexus or Acura.

So, African-Americans are extremely important to us, particularly on the Infiniti side, where we wanted a new way to reach out. We didn’t want just the traditional kinds of advertising. We wanted to look at the arts — at inspirational people, people who are driven by design and artistic expression.

We were just blown away by the response we got from the African-American community — so much so that we’re going to expand “Infiniti in Black” this year.

How about for women — how are you making the car-buying experience better for women?

We’ve got some initiatives in the works that we’re going to be testing later this

year that I can’t talk about yet. Infiniti is very heavily male-skewed; we’ve been successful there, and certainly don’t want to lose the guys! Infiniti is 64-percent male and nobody else is close to that. Part of that is a function of the vehicles themselves, in that they are very aggressively styled, and the interiors maybe are not as highly styled as the exteriors.

Females like interiors. Guys are more into the exterior and women really demand the nicer interiors. We’re picking up more females with the new M last year, and you’re going to see that change with the G sedan coming out this fall, too. So, we have a real opportunity, product-wise, to pick up more women in the franchise. Certainly our marketing will reach out more to females. We’ll be skewing just as much into more female — professional female — types of media outlets.

How about the buying experience itself?

Infiniti’s always been rated very high in that regard. Customer satisfaction has always been a strength of this brand. One

of the things the sales guys are working on is continually enhancing this total ownership experience that we have. Continuous improvement is part of their mantra. We’re never going to be satisfied; we’re going to continue to try to enhance the dealership experience, although it is very good as it is.

Did this new design strategy require any special organizational changes?

It did as far as Mr. Ghosn coming in and hiring Shiro. Nissan Design in La Jolla reports into Shiro, who now has the added responsibility of brand management. That was one of the major organizational moves that we made, just on the product side. Shiro is charged with making the product come to life. He is a very artistic man: He plays the saxophone, Herbie Hancock is one of his pals and he jams at night. His artistry comes through in the products that he green-lights and the products that he helps design.

Has the marketing department itself changed?

It has with the integration of the →

← whole interactive piece — interactive used to be in a different building, and had different budgets. They weren't part of the marketing department, as such. Now they're totally integrated into the marketing group, and our traditional media department is now falling under the interactive group.

Having the interactive people look at the media plans challenges our agencies and challenges us, too. It won't be business-as-usual. Plus, our business intelligence department reports into interactive, and they look at metrics — at what's working and what isn't working. They move quickly. The interactive people have a different mindset and that's what the industry needs.

You've been very critical of the marketing industry with respect to using new media.

We spend way too much money supporting what we're comfortable with. We do push a little bit here and there, but it's always as a tactic or an aside instead of really trying to understand where our customers are and the best ways to reach them.

There are no easy answers today and it requires a lot more work on the part of both the clients and the agencies. It just isn't easy anymore. It's not just about 30-second TV spots and print ads anymore.

What does Nissan understand about marketing cars that is lost on its competitors?

We've done a lot of work to understand who our customers really are and how they want to receive information about vehicles. You can bombard and carpet-bomb them, but it costs so much money to do that on network TV. It's not that TV is not important or that we're not going to continue to use TV.

But how do you use all of these other new media and really integrate them to reach people better and give them the right message at the right place at the right time? In the final analysis, it should save us a lot of money because we're really just speaking to the people who want to know about Nissan or Infiniti and people who are in the market to buy cars.

The internet lets us do that, because we know where the people are. They are shopping online — they're looking online and they're researching online. There are a

variety of messages you could give people at all different places using the new media.

There are a lot of things we need to learn, but consumers are calling the shots these days, not us. The idea of "push" marketing is old fashioned. It has got to be "pull." Consumers have to open the door for you.

What are you doing to help them open that door?

We're trying a lot of different things. With all of the launches coming up this fall (we've got five Nissan models and the G35 on the Infiniti side) we're really tasking our agencies and ourselves to come up with something that makes sense — and not just lead with the TV.

I don't mean to just call out TV, but we need to let go of the idea of always leading with traditional media, and if we've got some money left over throwing in a couple of tactics to make it look like we're using new media. It's got to be designed from the ground up. That's what we're trying to do with all these new launches.

Is there anything you've done in the past that worked particularly well online?

We've tested some things in the past online. We've got a business intelligence group with mathematicians and statisticians. Google is a math equation. That's what Google is all about; it's an algorithm. They really help you find people who are reading an article on the Nissan GTR, for example, and to make sure that a text message shows up on that page that offers more information on the GTR. It's contextual text messaging; it's not just search.

Have you partnered with Google?

We've just strengthened our relationship with all three portals. We're beta-testing something with MSN for our dealers. We're going to take our dealers up to Microsoft in Richmond and let them look at their new Vista platform. We want to see how can we use some of their tools to help our dealers market locally in their respective communities. We're just trying to find and use as much as we can and be at the forefront. Basically, we have to find new ways to reach our customers and stop wasting money.

Your sales recently took a hit. What's the plan to pull out of that and how does design fit into that plan?

Design figures into every single model that we're launching. The Quest was re-designed from the inside out. The Maxima interior was totally re-designed and it is just opulent; it's just gorgeous. The Versa is an entry-level car in the U.S., but it was a luxury car in Japan. So, it's got more space, and a beautiful interior. We're going to kill the competition with that one.

So far the "buff books" have put us right up at the top in tests — and that's with a prototype vehicle. The G35 — it's a killer. It's just a killer. The Altima is a home run in consumer testing. As far as the sales decline, it wasn't really too unexpected because our product launches are all in the second half of the year. We're looking for a very robust second half and a positive year overall.

What is the hardest thing about making so big a change in the brand identity?

The hardest part probably is just communicating the new identity to consumers, because for years they built an impression about you, and changing that impression takes time. Vehicle by vehicle, campaign by campaign, you slowly change people's opinions of a brand. Sometimes it takes decades. If you want to change, you have to be consistent, or you'll lose your consumers. And you've got to be patient. ■

Jan Thompson is vice president of marketing at Nissan North America, Inc., where she oversees the development and execution of product marketing campaigns and promotions for Nissan and Infiniti.

Jan joined Nissan in June 2004 from The Designory, an Omnicom-owned marketing services agency, where she served as president and CEO for five years. Previously, she was a vice president of Callaway Golf and general manager of Wilson Golf.

She began her career at Chrysler Corp., where she held a series of field sales positions. Later, Jan was national marketing manager for Lexus Division of Toyota Motor Sales, U.S.A., and vice president of marketing and vice president of sales operations at Mazda Motor of America.

A selection of recent stories about design excerpted from *Cool News of the Day*, a digest of insights, ideas and inspiration edited and e-mailed daily by **Tim Manners**. For a free subscription, visit www.reveries.com

Razr v. Blade

Because it “had months to study Motorola’s Razr,” Samsung’s copycat entry, the A900

(a.k.a. *The Blade*) “has many advantages,” critiques David Pogue in *The New York Times* (1/26/06). At a glance, the A900 looks like your average rip-off of a great design. Like the Razr, the A900 “is a flat, rectangular, high-fashion flip-phone... The dimensions are identical too: 3.9 x 2 inches, and about a half-inch thick when closed. Both feel... James Bondian... and both snap shut with the cushioned click of a Lexus car door.”

Both offer a camera, a speaker-phone, Bluetooth wireless... a totally flat keypad, crystal-clear and extremely loud ringers, a big color screen inside and a postage-stamp-size screen on the outside.” Although one thing Samsung didn’t copy from Motorola is the way the top “nestles against a raised bottom lip when closed,” which makes the A900 “a hair less-spectacular looking.”

Another thing Samsung didn’t copy from Motorola is the software, which, according to David Pogue is a good thing. Among other things, David says the Razr can make it difficult to enter multiple numbers for the same person, find numbers alphabetically, or retrieve a list of all incoming and outgoing calls. Samsung also improved on the hardware, he says: “The camera lens, for example, rotates on the phone’s hinge barrel for ease in capturing angled shots...” David does say that the A900 has some deficiencies relative to the Razr. But the net of it is that the beauty of the Samsung knockoff is largely in what it *doesn’t* copy.



› Birkenstocks

What is it about Birkenstock sandals that keeps them growing at a steady 10 percent a year, year after year, since they were introduced to America by Margot Fraser in 1966? “The younger crowd finds the look desirable,” says shoe store owner Jimmy Jimenez, reports Coeli Carr in *The New York Times* (3/12/06). “I think the simplicity gives it its charm,” he adds.

The older crowd, meanwhile, “is more inclined to say the footwear is ugly but extremely comfortable.” Interestingly, the younger Birkenstock fans “tend to prefer classic colors... while the older generation gravitates to less conventional colors,” like silver.

Scott Radcliffe, marketing director for Birkenstock, thinks the appeal is something much larger, however: “Birkenstock fans... feel like they’re part of something bigger than other shoe choices, frankly,” he says.

Most often, that “something bigger” is an enduring association with all things left-of-center, of “liberal do-gooderness,” of “granola-crunching, Volvo-driving fill-in-the-blank stereotypes.”

In any case, the brand seems unstoppable: “Birkenstocks are sold in more than 5,600 places in the United States, including department stores, shoe stores, online shops and 216 Birkenstock specialty stores.”

› Valentine Typewriter

Among other things, Olivetti’s so-called Valentine Typewriter, designed by Ettore Sottsass in 1969, featured “a carriage dropped to the level of the keyboard and a nifty storage case for easy portability.” But it is best remembered for its bright red color—making it look like a toy, not unlike the candy-colored iMacs of the late 1990s.

“Red was his way of bringing a machine from the business world into the realm of the senses and emotions, or from the office into the bedroom,” writes Jori Finkel in *The New York Times* (4/2/06). It also inspired a shrewd marketing plan: The Valentine typewriter hit the stores on Feb. 14, 1969.

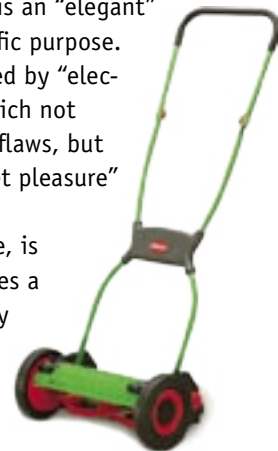
Of his work, Ettore Sottsass, now 88, says: “I try to make objects... that vibrate... Objects for me are both spiritual and emotional experiences... To reach the mountain of illumination, you have to be willing to climb.”

› Failure 101

Two products, in particular—“the manual lawn mower and the iPod,” speak to the dynamics of success and

failure in design, writes Edward Rothstein in *The New York Times* (5/15/06). The manual mower, says Edward, is an “elegant” tool designed for a specific purpose. Its “flaws” were later fixed by “electric and gas mowers,” which not only produced their own flaws, but also eliminated “the quiet pleasure” of the manual mower.

The iPod, meanwhile, is flawed because it “requires a computer and cannot play music for multiple listeners.” Edward imagines that “far less than 30 years from now,” the iPod’s limitations will be “fixed,” but the iPod may lose some of its “power and beauty... simplicity and clarity” and “sensual pleasure” in the process.



Disrupting the Conversation

by **Laurie Coots**
Chief Marketing Officer
TBWA Worldwide

When it comes to the question about who owns the brand and who is responsible for managing the brand relationship, the debate is as circular as it comes. However, with today's technology, informed audiences, enabled customers and peer-to-peer marketing models, it might be more useful if we ask: "In a world in which the audience has as much—if not more—power than the brand, how can brand identity help drive success?"

Today's marketing publications are filled with cases in which brands have been brought to their knees by individuals or consumer groups that expose either a lack of quality in their products or services, or a lack of integrity in their communications and advertising. While there

are some exceptions, the dynamic—or powerbase—of consumer-generated content casts the brand or company in a role as potential violator, and the consumer as the watchdog. The net-effect is a conversation that is highly transactional, often reduced to grades, ratings, survey soundbites and negative testimonials posted on community web pages.

To gain an advantage in this new era, brands should start by asking different questions, such as: "What would it take to task the audience with nurturing a brand's success? What would need to happen to shift the roles beyond policing or transactional feedback? What would it take for brand owners to "hand over" the care and feeding of their brands—confidently giving the audience full reign?"

SK Telecom invited its audience to contribute content to a book about their "mobile episodes."



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 White book of Today

12 things in Common between cell phone and girlfriend

1. Cannot help falling in love with at the first sight. But it becomes usual as time goes by.
2. It looks much prettier, with many accessories on it.
3. Tiny and Slim one is better than Big and thick one.
4. Your attention always goes to a newer one.
5. Inconvenient without it. Annoying with it.
6. If it looks good, it works bad. If it works good, it looks bad.
7. Good looking and good working cost a lot of money.
8. An abled man gets one with good looking and good working.
9. An abled man can even afford many.
10. Sometimes it becomes weapon.
11. Using a lot, costs a lot.
12. Feels really bad, if others use mine.

SK Mobile and Sony PlayStation thrive in an era of consumer-generated content.

The answer is simple, but not easy. Success begins with a clear brand identity, grounded in a relevant core competency and a thorough understanding of the role that the brand plays in the lives of its audiences. Armed with this understanding, a brand can engage its audiences in a more emotional and participative conversation, even to the point of developing new products and co-creating its communications.

Let's look at two examples.

The first comes from South Korea, also known as the most wired country in the world. South Korea's environment offers high levels of technological and content convergence, as well as significant and true 3G telecommunications capabilities. This is a nation in which the lead-

ing newspaper, *OMyNews*, is written and produced daily by more than 260 citizen journalists rather than a media company. Brand audiences in South Korea are not only accustomed to being involved with a brand's story, they actually *expect* to have a hand in it.

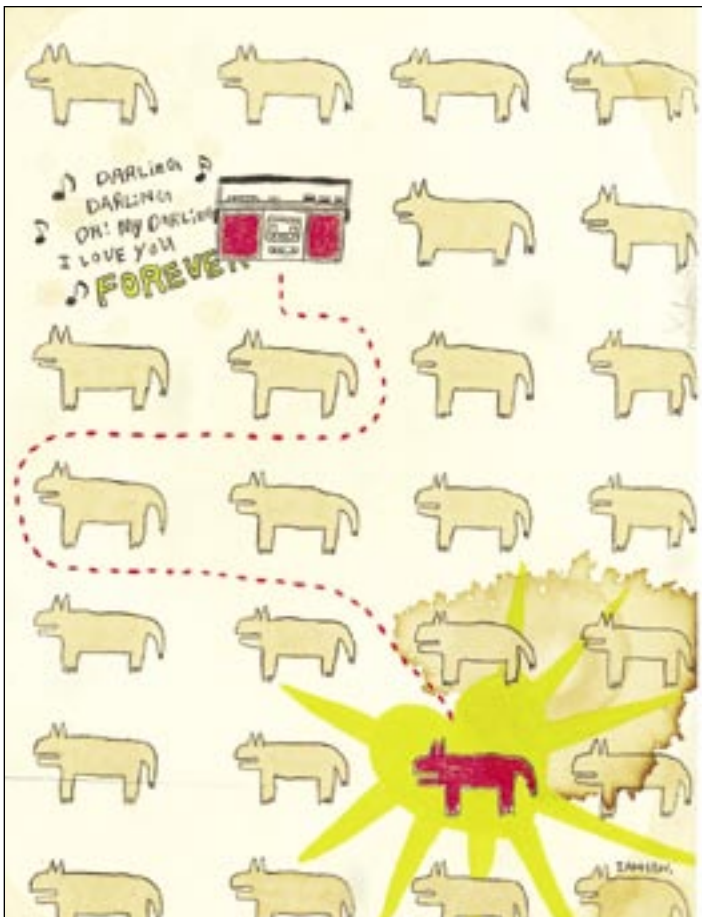
SK Telecom is the number-one mobile communication service with 52 percent of total subscribers in Korea. If you ask a Korean, "What will you carry with you when you go to a deserted island?" you will typically get the answer "My cell phone." SK Telecom had grown a loyal franchise and its brand identity was personified by its commitment to state-of-the-art networks, fast and flawlessly clear connections, and national ubiquity.

In 2005, competition in the market

was increasing and newcomers were focusing their communications on sexier, high-end, convergence offerings, including entertainment. As a result, SK Telecom was experiencing a drop in brand preference among an important audience: Young, contemporary adults.

Of course, SK Telecom also offered these services, but knew they only made up a small portion of subscribers' actual usage. Additionally, SK Telecom had a brand heritage of "keeping its eye on the ball" and not compromising core services for new-and-sexy "fringe" services. It would be necessary to ignite the audience to help tell the story that while the competition focused on the "fluff of life," SK Telecom was at the "center of life."

The objective was to drive preference →



Pavlov's dog
Whenever you hear the same ring
as your ex's cell phone,
You think of him automatically.

White book of Today
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PlayStation's goal was to plant the clues of a puzzle and then get players to solve it.



A blog about "giants" was the hub of Sony's campaign.



Major news outlets requested interviews with Sony's fictitious "giantologist."

← for SK Telecom by reasserting SK Telecom's leadership position in a way that was fresh and engaging. At the heart of the effort was an invitation to the audience to contribute content to a book entitled the *Modern Life White Paper*.

The *Modern Life White Paper* featured the "mobile episodes" of 360 SK Telecom customers, who shared their stories:

- They told of how they wake up with the sound of their phone alarms both at home and on the subway—to avoid missing their stops.
- They told how they listen to music and use call screening to avoid talking to their bosses or parents.
- They told about a character defined as "the princess," who uses her camera phone to check that her smile is perfect and her teeth clean of food particles. She also insists on checking out potential blind dates with her VOD mail.
- They told how the hearing-impaired use text-messaging to communicate with others, and how the forgetful take pictures of the insides of their fridges to remind them what to shop for on the way home from work.

The campaign relied on both the loy-

alty of the SK Telecom audience and on their empathy—namely the ability to see themselves in another's story. Fueled by the initial 360 episodes in the book, the audience then took responsibility for creating and sharing their episodes on the web—and with each other—by phone. This fueled a wave of content, all of which made it clear that SK Telecom was not merely a *tool*, but quite literally at the *center* of modern life.

The results of the first phase of the campaign also guaranteed the campaign's extended life. The audience has now contributed more than 4,600 new episodes that will be published in *Modern Life White Paper Volume 2*, and has produced 160 commercials of their very own, some of which are already scheduled to air. New fringe episodes are regularly parodied on comedy and talk shows, cementing SK Telecom's role in popular culture. However the most compelling success metric, in addition to higher sales, is the brand preference increase from 56.1% to 96.3% in just four months.

In a second example, this one for Sony PlayStation's "Shadow of Colossus" game, the role of consumer-generated content was central to the entire strategy. Scheduled to launch in late 2005,

SK Telecom's "princess" checks her smile.





To fuel the game, Sony created thousands of touchpoints.

“Shadow of Colossus” was an adventure title—a gaming genre that had lost most of its audience over the years. Significant promotion of the game title did not provide a good R.O.I., and the idea of any support for the launch was all but abandoned.

However, insight revealed that this audience was small but mighty, and that the audience’s dedication to this genre was driven by its pathological attraction to solving puzzles. If PlayStation were willing to break the conventions of traditional videogame advertising—which is largely a spectator sport—the brand could then engage the audience in a “campaign as adventure game.” This meant that the advertising had to be as compelling and as interactive as the game itself.

The overall campaign objective was to generate conversation, controversy and create momentum before the launch, and drive the game’s desirability with the core audience. Success would require the audience to be *participants* in the game, not spectators. In order for that level of participation to occur, the Sony PlayStation brand had to be willing to surrender any influence over the audience, their behavior and their conversations, during the entire game. Anything less would not be authentic, and would taint the Sony Play-

Station brand as a fraud.

The campaign began when evidence of “giants” was seemingly being discovered around the world and one man, Eric Belson, was cataloging it all on his blog—*giantology.net*. This self-titled “giantologist” and his blog were the hub of an incredible and immersive on-line puzzle in which the gigantic characters of the videogame were seamlessly and organically woven into the story.

PlayStation’s goal was to plant the clues of the puzzle and then get players to solve it. Of course, to be authentic the campaign had to be blind—no logos, no game footage, no mention of features, and certainly no mention of PlayStation.

The campaign began online with multiple episodes of so-called “citizen media”—each passing on news footage and evidence of a giant skeleton that had been uncovered by the devastating Tsunami along India’s coast. To fuel the game, PlayStation created thousands of touchpoints—faux websites, blogs, press releases, working international phone numbers and emails, experts at obscure universities, viral videos and photographs—all being refreshed and responding to the puzzle, 24/7, and in real time.

In the end, more than 2.6 million participants from 110 countries visited the sites and played the game. The fictitious “giantologist,” Eric Belson, received genuine publishing deals, offers of grants for future research and an array of interview requests from major, legitimate news outlets. The level of online buzz exploded from just 50 returns on a Google keyword search to more than a million at the campaign’s height. That means that at its peak, there were more than one million websites carrying on the “giantology” conversation.

In just six weeks, PlayStation reached its 12-month sales volume goal of 160,000 units, and to date, sales volume has surpassed 279,303 units. The ultimate sign of success was that when the game was eventually exposed, the audience was not irritated, but gave PlayStation enormous credit for designing a puzzle that was worth their time and effort to solve.

Both SK Telecom and Sony PlayStation demonstrate that those brands with a clear identity, based on a relevant core competency, and a thorough understanding of their relationships with their audience, have everything to gain and nothing to fear in an era of consumer-generated media.

The brands that will thrive in this era will be those that are willing to challenge the conventions and truly invite their audiences to participate in new and disruptive engagements. ■

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We would like to thank the agency teams in Seoul and Los Angeles for their work on SK Telecom and Sony PlayStation and their contributions to this article.

The Blue Standard

by Jason Press, President, G2

One would think that in the heady world of private jet travel, a concept like *luxury* would be integral to the communications process. But it was precisely the absence of a strong, compelling luxury message in the category and the opportunity to capitalize on its own distinct strengths that have enabled Bluestar Jets to clearly define a powerful presence in private jet travel.

In the late 1990s, two former Wall Street financial brokers, Todd Rome and Ricky Sitomer, saw an opportunity to take the brokerage model and adopt it for the private jet industry. After extensive research and analysis of the category, the duo founded Bluestar Jets, having gained a deep understanding about the market challenges and opportunities—as well as the future—of private jet aviation.

Keying off their brokerage back-grounds, they created a network of private aviation companies that secures time and availability of various aircraft. The operators that partner with Bluestar range from pure providers of luxury jets to operators of corporate jet fleets used by major companies such as Verizon, Sony, major financial institutions and others.

Among business executives, there was a certain level of frustration with the lack of service and cost of flying privately. Bluestar's founders realized that most private jet travelers didn't need fractional ownership of a jet and would, in fact, welcome a more cost-effective and flexible alternative.

A FRESH MODEL

"The Bluestar offering represented an entirely new business model, giving fliers greater flexibility to secure jet travel either on a one-off basis or more frequently, as part of a loyalty program," explains Michael Miller, senior partner with G2. "The company utilizes more of an on-demand approach, creating a market to broker time and available jet capacity to executives and others with private jet travel needs."

The events of 9/11 helped spur greater demand for

private jet travel among those who could afford it, as executives shied away from commercial flights. As a result, lots of competitors have jumped into this business, with some even seeking to replicate Bluestar's model. With competition growing and Bluestar seeking to differentiate itself from NetJets and Flexjet, the company saw a chance to carve out a distinctive niche in the category.

"The problem was that Bluestar's communications lagged far behind their business model in terms of the desired sophistication, luxury and service messages that they wished to convey," explains

**Bluestar Jets
marries luxury,
safety and service
to stand out in
private jet travel.**



BLUESTAR
JETS



Deirdre McMennamin, a partner with G2 and senior strategist on the campaign.

Bluestar was also facing off against what co-founder Sitomer calls the “Coke and Pepsi of the industry,” NetJets and Flexjet, both well-funded carriers that had spent heavily to brand themselves. Berkshire Hathaway owns NetJets, while Bombardier owns Flexjet. There was also a perception out there, among their audience targets, that because Bluestar didn’t own or manage its own fleet that there were possible safety concerns.

In addition, we learned in our briefing that there is not a lot of loyalty in this business. It seems a bit counter-intuitive, but even those who can afford to fly private jets still shop around for the best price and are not necessarily wedded to a certain brand. It’s a very price-driven segment.

In October 2005, as a first step in learning more about Bluestar’s business, we interviewed some of the company’s 150-plus brokers as part of an audit process. We asked them how they conduct their business, what type of customers they have, what they feel their point-of-difference is and who their competitors are. The key takeaway from the audit was that

these brokers are extremely passionate about their clients and provide them with completely personalized attention.

“It was truly eye opening,” recalls McMennamin. “Bluestar’s brokers are not just some guys in a room with headsets on. They actually know what their clients like on their bagels. They know that this guy’s son likes xBox, not Nintendo. They know what cars their customers like to drive.

“In many cases,” he adds, “they personally follow up with their clients once

they land to see how their flight was and if they have other travel needs. This high-touch approach struck us as a huge point-of-difference in helping to map out key elements of a positioning.”

THE NEW LUXURY

At G2, we track a wide assortment of trends, both micro and macro, to help guide clients. Deirdre and her team, in tracking luxury trends, have been following the identification of a new level of luxury. It goes well beyond the traditional diamonds, furs and luxury cars, delving more into life’s little pleasures — whatever pleases you. Luxury for one person might mean lavender soap, while for another it’s a cashmere blanket. So, it was really coming to a new definition of *luxury* and just as importantly, what it means to private jet travelers.

Because of Bluestar’s personalized service, they would be able to deliver on this new level of luxury.

But, while luxury clearly emerged as a key part of Bluestar’s positioning, even customized luxury would not be enough to help the brand stand apart — especially when so many were touting luxury. The other key attribute that we felt the company needed to communicate was *safety*. This would not only help address any concerns among Bluestar’s audiences about the use of →



← other providers' planes but would also leverage a recent initiative that the company had embarked upon.

"Just prior to our working together, Bluestar Jets had forged a partnership with Wyvern, the premier safety inspection service for the private jet industry," Miller says. "We felt it was important to play up this partnership to underscore Bluestar's commitment to upholding the industry's strictest safety standards."

Thus the positioning was cemented: a dominant message built around luxury—backed by personalized service and safety as key supporting elements.

G2 adopted a modified version of its customary approach to design language for Bluestar, given its immediate needs and fast turnaround demands. It began with redesigning the company's logo.

"The logo design was very simplistic and did not deliver the message of luxury or premium service," notes Miller. "We explored literally thousands of icons associated with luxury across a wide assortment of categories. In doing so, we came up with the current shield that surrounds the Bluestar "B" to connote safety as well as a crest, which harkens back to classic luxury brands such as Hermes, Louis Vuitton and Cerrutti."

The use of the "B" surrounding a star emerged as the brand's graphic language. By creating an icon with the "B," we established a branding scheme that could allow the logo to live without the Bluestar name at some point in time, along the lines of BMW and many other iconic brands. We also utilized a rich, dark blue to connote luxury and, over time, turn it into an "ownable" shade.

To help address Bluestar's desire to



revamp and emphasize its loyalty program and drive repeat business, we developed a high-end membership kit. We also created a high-end brochure for qualified leads, and a more succinct, cost-effective piece for mass mailings.

BLUE IS NEW BLACK

We launched the new identity for Bluestar Jets in January of this year, using a teaser ad with the tagline "Blue is the New Black." We used an all-type ad, very simple, white type on a blue background, featuring a call-to-action on the bottom, with the URL and a phone number. The idea was to capture people's attention, create interest and start the education process. The ad appeared in niche maga-

zines such as *Robb Report*, *Gotham*, *Aspen Peak* and others that skew to Bluestar's target audiences.

We created and ran subsequent print ads that built off this launch, mentioning that Bluestar's luxury jet service is all part of a "blue standard," a fresh take on the classic "gold standard." The latest series of ads promote the company's SkyCard incentive or loyalty program, enumerating the many flexibility and cost benefits

over fractional ownership and other rental providers. The ads feature the logos of American Express as the preferred card, and Wyvern, lending additional credibility and shared equity to Bluestar Jets.

"The rebranding effort has been very successful in helping us maintain our aggressive growth results, which have averaged 50 to 100 percent per year in each of the last six years," says Ricky Sitomer, CEO of Bluestar Jets. "We see the future in this business and understand the critical role that marketing plays in helping us maintain strong momentum. The rebranding campaign has not only helped us carve out a unique niche in terms of our luxury and value messages, but it is also generating a lot of buzz within the industry and among consumers about what we're doing and where we're going." ■



As president and co-founder of **G2** (www.g2.com), **Jason Press** has supervised the development of G2's branding initiatives and marketing plans for a diverse range of clients, creating holistic marketing programs that ensure the consistent delivery of a singular brand promise. Prior to his nearly two decades with the Grey family of companies, he worked at Rosenberg & Company, a full-service advertising agency in Dallas, TX, developing integrated marketing and branding programs for a range of global clients. He can be reached at jpress@g2.com and (212) 616-9000.

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New Stripes Aquafresh fights back against

As VP of Innovation at GlaxoSmithKline, Donna J. Sturgess led the remarkably successful launch of Extreme Clean toothpaste. Following are verbatim excerpts from an exclusive conversation with Donna, in which she explains how she and her team “defied gravity” and created intense brand loyalty in the ostensibly boring toothpaste category.

Being number-three in any category is painful. You have to be highly differentiated as the third-tier player, because in toothpaste, like many other categories, the two very big brands—Crest and Colgate—are probably enough for most consumers. So, Aquafresh, as the third-place brand, has to work harder for its share.

Thirty years ago, when Aquafresh was launched as a striped toothpaste with a terrific flavor, it really was the birth of a “sensory” brand in the toothpaste category. It was colorful, it had a personality, and a lot of people gravitated to that because they were looking for a different kind of experience.

You have to remember that in toothpaste, people are using it two or three times a day. There are not a lot of categories where the consumer is interacting with a brand two or three times a day. In addition to that, you’re putting this product in your mouth. If you think about it that way, it’s a pretty intimate relationship that you have with your toothpaste. But at the same time, the category is not one that is on people’s minds very much.

If you take that high frequency of daily use, combined with not a lot of interest in toothpaste, there was an opportunity to appeal to people based on the

brand’s sensory attributes. It was time to get people to re-appraise the brand, to come back and have another look at it, and refresh its appeal as a sensory alternative in a dramatic way.

The heat between Crest and Colgate was intensifying. About three-and-a-half years ago, Crest was, for the first time, losing meaningful share to Colgate. The resulting combative marketing posture between Crest and Colgate created vertical pressure not only on Aquafresh as the number-three brand, but all the way down to the lesser brands in the category—down through brands 8, 9 and 10.

One way for Crest and Colgate to fight each other was to try to take business away from these smaller players. Their goal was to create a situation where the category literally would be left with just two brands of toothpaste, and they would offer 15 items under each brand. The assumption was that those would be all the toothpaste choices any retailer or consumer really needed.



Colgate and Crest by taking its brand identity to the edge.

In the face of that, Aquafresh was declining, and the imperative was to re-assert its place in the category based on its heritage as a sensory brand, but with far more drama than ever before. Actually, it not only had to be dramatic, but also have the ability to sell itself at-shelf. The spending in the category had become so extraordinary between Crest and Colgate, that the issue wasn't just about spending more money.

Extreme Clean had to be designed to exceed consumer perceptions. We had these two big players, Crest and Colgate, creating a lot of noise, throwing a lot of products into the marketplace and really fist-fighting with each other for share. We had to create that distinction through drama and experience, which was not a game either of them was playing.

The consumers we were after were looking for a much bigger experience.

Toothpaste brands up to that moment had all been about cavity protection and freshening your breath. But when we did our analysis, we found a place for the brand to "own" clean. We picked the name, *Extreme Clean*, as a way to over-dramatize our positioning. It wasn't that it didn't offer cavity protection and fresh breath—those attributes are a given. We were looking for something that tied the sensory dimension of Aquafresh into a space that it could own, and that proved to be "clean."

The challenge was how to make "clean" special. We constructed the product and its packaging through the eyes of women, because they are the primary purchasers of toothpaste. We looked at how women think about their bathrooms, where women often invest a lot of time in terms of its design or decoration. We wanted to make sure that this product "fit" in their bathrooms.

Everything we did with the packaging was a signal of "clean" and also something that made *Extreme Clean* special. For

example, the carton is made of a transparent plastic, not the usual cardboard. The tube is metallic to represent stainless steel, another expression of "clean." Even the cap was engineered, by our team in Germany, to close with a "click." It closes cleanly and also signals "quality." It's not a flip top with all that mess.

That may sound like a small thing, but it was all intended to have multiple touchpoints to express "clean" because that was what women told us made them feel really good about the brand. We were looking for a sensory signature.

The packaging was based on the "gotta have it" factor. To women, toothpaste tubes are gross and ugly. So, we gave them something they actually would want to show off. It was surprising how women responded to that. They would say: It's toothpaste, but I think it's *beautiful!*

The packaging actually elevated *Extreme Clean* to the realm of a cosmetic rather than a toothpaste. We've even had people call our 800-number and say that the *Extreme Clean* carton looks too nice to throw away! We tell them, well, then, don't throw it away. And it's like, oh, I could keep it in the carton on my counter, couldn't I? It's this little moment of discovery.

Color is one of the ways you can create that kind of desire. Color creates clear associations with what a product is about.

Think about brands that own a color, what that color does for them, and how iconic that becomes over time. In thinking about owning a color, orange was a) available; and b) it was pretty disruptive in the category.

And, oh, by the way, the color orange was a very direct signal to consumers to "clean." Think about how often orange is used in cleaning products! Now, that can have a downside because people might say that they don't want a detergent in their mouths. But orange was a color we could own and that could create a very clear association with "clean." We didn't have to work to explain that.

We needed a great non-mint flavor to express "clean" that wouldn't be boring. We played with a lot of flavors but we were looking for one where the consumer would say, "my mouth feels so clean." We rejected flavors that consumers liked but that didn't pay off on "clean." What we didn't want was just to find a favorite flavor. We needed a flavor that when people were done they said, "Now, that's clean!" In fact, there are people who use *Extreme Clean* who don't love the flavor, but the way their mouth feels when they're done brushing is why they're buying the product.

We also had a lingering feeling of "clean" built into the formulation. It doesn't just technically clean your teeth; your teeth feel really clean and that feel-→

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← ing lasts. We heightened that sensation with micro-active foam—*Extreme Clean* is more foaming than other toothpastes. It worked not only from a functional standpoint, and then on top of that was layered this exquisite experience while brushing.

It was really about layering into the brand all of the things we thought would create synergy across the senses to build something that people would find remarkable. We also broke a norm in the category in that the product had no flavor listed on the carton. We actually had named the flavor and then took the name off the box. We decided that if you wanted to know what *Extreme Clean* tasted like, you were going to have to buy it!

The orange stripes surprised a lot of people. Internally, everyone just assumed that Aquafresh could only be red, white and aqua, which were our traditional colors. In fact, the brand is about *stripes* and not necessarily about those colors, *per se*.

But if you do really good strategic work, define your brand tightly and you bring people along in that process, everybody understands what the brand really stands for. Does the brand stand for red, white and aqua? Or does the brand stand for *stripes*? There are no “correct” answers to those questions, but our conclusion was that the Aquafresh brand ultimately stands for *stripes*.

Consumers had no problem with changing the stripes to orange and white; in fact, it was a delightful surprise for them. Yes, some people thought we should at least have three stripes instead of just orange and white. If there had been a way to add a sparkly silver stripe we might have done that. But the brand doesn’t stand for three stripes. It stands for stripes.

The fresh identity affected how we marketed the brand. Because the product

is so visually impactful, we went into outdoor advertising in some countries and did more print advertising than we had done in the past because there’s a bit of a show-off quality to the product. We had large, three- or four-foot cartons made for retailers. It’s a little bit like designer dresses—you put it in the window because the product has that appeal visually.

The advertising that launched the product uses imagery that had an “Architectural Digest” look to it—the exquisite upscale bathroom with the product sitting there at the sink. We had the “shower box” campaign, where the notion was that *Extreme Clean* is a shower for your mouth. We had people showering inside the carton, for example. We paid a lot more attention

to the visuals and the icons associated with the launch than we had in the past.

Every touch-point of this product speaks to “clean”—the clean lines, the clean typography, and the clean color. When you architecturally construct a brand, the payoff is bigger than the sum of the parts. So it really did have a bit of a show-off quality to it, and it still does.

The cost-of-goods conversation is always a challenge. Adding these sensory elements does cost more. When you build so many special things into your product, you’re going to find yourself under some challenges. There’s always someone who will say that you could sell just as much without spending the extra money.

It can be very hard to come to terms with quantifying the value of something like a plastic box instead of a paper one, or a cap that clicks versus one that works like any other cap. Consumer feedback is not very helpful here. You have to rely on your sense of design and your sense of branding that says: This is a critical element of what this product has to stand for.

There’s always internal tension over

“why can’t you do it cheaper?” This product went through as much rigor as any new product launch with a bit more challenge around some things that you can certainly tell cost more money. But the result is that *Extreme Clean*, in some respects, is the growth part of the Aquafresh brand. It’s doing extremely well and it’s doing well wherever we launch it.

When we launched it in Japan, it became a “4” share in a very short period of time—which tells you that great ideas that connect particularly emotionally to people travel internationally. This brand can stand up and say that it creates an emotional link with the user. You won’t say that you weren’t sure you were awake when you brushed your teeth this morning if you brushed with *Extreme Clean*.

Extreme Clean is drawing in a lot of customers that Aquafresh didn’t have before—people who were looking for something more exciting, more interesting, and more enjoyable. Of all the toothpastes in the category, *Extreme Clean* enjoys extreme loyalty among consumers. When people find it, they stay with it.

Paying so much attention to product detail and design paid off as a driver of repeat sales for *Extreme Clean*. It enjoys much higher loyalty than anything else in the category. It’s that polarity showing up, again. If you’re on the polarized side of “I love this stuff,” other toothpastes just aren’t going to satisfy you. So, being polarizing has paid off in loyalty for Aquafresh.

Stay tuned, because we have some exciting things coming. *Extreme Clean* has done so well for us that it is now a benchmark for us in terms of how we build innovation, how we think strategically about where our brand is, and how to drive emotional connections to our brands.

Extreme Clean has taught us to think with some freedom, to think first about what the best idea could be, and then decide whether we have to make compromises. It has liberated some of our marketing thinking in really good ways. The impact on our culture has really been terrific. ■

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R E S E A R C H

ASSESSING ADVERTISING ~ BUILDING BRANDS

Just the Facts

The road to growth requires straight talk with your retail customers.

by **John Clevenger**
Managing Director
Meridian Consulting Group

Even brands with a great story to tell can have difficulty getting their message out to their retail customers. In some cases, the problem is that bigger players simply have a louder voice in the retail customer's ear, based on their sheer size and more frequent interactions. Their dominance, together with any misinformation that they and others may be sharing, can drown out any initial inroads or progress that your sales force can make in telling its story.

The solution depends on setting the record straight and telling your story directly to your retail customers. The best way to deliver that message is to implement a retail-customer marketing program through your own sales force. Advertising or trade press coverage, while helpful, is not, by itself, the answer. Instead, you need to arm your sales force with the facts.

Building Customer Equity

The objective is to build your brand's equity with your retail customers so that when they hear your brand's name, it instantly conveys something to them beyond simply your share numbers. You need to create the impression in retailers' minds that when they think about your brand, the takeaway is that your sales force backs up what it says with facts, knows more about shopper behavior than anyone else, and always delivers shopper-centric ideas.

The idea is to approach the task in much the same way that you'd approach any marketing challenge. First, you need to understand the decision maker. What are the various brand and category choices that retail customers have? What are their specific purchase triggers? How can your sales force best satisfy the retail customer's needs?

Then it's a matter of tailoring the product and marketing pitch to them. The sales group needs to understand the retail customer's needs and the role of your products in achieving those goals.

Could they come up with an equation to achieve their brand objectives while also helping the retail customer achieve his or her goals? How well do they understand the retail customer's financials? Are they keenly attuned to what the competition is doing? Are they current on the latest trends driving this category? How well are they prepared to handle either retail customer acceptance or denial? What is their communication plan and what is the best way to follow up and close on it?

Success requires going well beyond simply promising retailers that you'll price your brands at or below the cost of those of your competitors. That just won't cut it in today's environment. The solution ultimately boils down to the need for content-based training of your sales force, to get the information out, dispel any myths, and capitalize on the growth potential of your category in general.

At most companies, when times are tough, training is one of the first things to get cut. It's both a financial and a time constraint. Everyone agrees that the customer is important, but the day-to-day grind and more pressing business priorities often get in the way. Every brand manager, when developing programs and annual plans, must include a dedicated retail-customer marketing plan across all of his or her products. It needs to be a line-item in your strategic plan.

Strong Message, Strong Messenger

Proprietary shopper research and in-depth retail analysis—to understand category profitability—the financial hurdles of products and retailer concerns, should be part of the training. Ideally, there should be an end-to-end program that includes crafting a marketing strategy, conducting an underlying analysis to prove the strategy, developing the message and preparing the messenger. This kind of effort demands a strong message and a strong messenger, to deliver the story to retail customers.

Where possible, it is helpful to conduct “road shows” in key markets. Typically, about 20-30 members of your sales force might attend each of these in-depth training sessions—a manageable number for learning and give-and-take opportunities. Selling materials are shared with these groups—ranging from detailed presentations to tell the growth story to large customers to sell sheets for smaller customers.

It is also advisable to implement a trade-press PR program to provide broader outreach to those customers that your sales force is not able to interact with on a face-to-face basis.

Where a lot of companies fall short is that you can't just develop a CD-ROM, then mail it to the sales force and expect them to view it, much less absorb it. You need to put it in their hands, look them in the eyes, make sure they get it and make them work with the information. You need to challenge them with real-life situations and make them comfortable with the facts.

Beyond the short term, a dedicated customer marketing effort also provides longer-term dividends. It will yield a smarter, more capable sales organization, which is more attuned to consumers. Most of all, you will have invested in a long-term marketing tool (your salespeople), who can whisper information about new products or new ideas in the ears of your retail customers—which may be one of the best marketing tools you could ever hope to create. ■



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What is customer marketing?

Customer marketing is, first and foremost, marketing products, ideas or services to the retail customer. It means marketing products to the customer rather than just selling products to the customer, often through some sort of collaborative effort between manufacturers and their retail customers. These are distinctly different events.

Why is it important?

Retail customers and marketers are always looking for ways to drive top-line growth, but they can't simply cost-cut their way to growth. Everyone has made great strides to become more efficient in operations while carving costs out of the system. As the Meridian/GMDC industry survey from last year clearly indicated (see: “Jump-Starting Top-Line Growth,” by Michael P. Shinall, *The HUB Magazine*, March 2005), the best route to top-line growth is to sell more stuff. This requires communicating directly to consumers, ideally at the point-of-decision.

Why the rising growth in customer marketing?

The factors that have fueled the rise of customer marketing begin with the fact that it's a very different customer environment today than it was 10 or 20 years ago. Retail consolidation has led to fewer, yet bigger, retailers. They're much more sophisticated and knowledgeable than they have ever been in the past. In many cases, these retailers are formidable marketers in their own right. They market their chain and the brands on their shelves. In many cases, they're even competing with manufacturers via private label.

We have much more data today on consumers and the technology to do something with it to better target consumers. Also, traditional media, which most marketers have been trained with, is not nearly as effective as it used to be. Mass media, direct-to-consumer and interactive are useful in getting people to think about a category or a purchase—it can even get shoppers into a store. But it's that last 10 feet of space before the shopper makes a buying decision that is critical. The retail customer controls this space, and they've become a medium just like TV, outdoor or direct mail.

What is the best approach to customer marketing?

Look at customer marketing not as a separate activity or a separate function within a company, but as another part of the marketing and sales equation. It needs to be central to how you communicate with the retail customer everyday. Many manufacturers have distinct sales, category management, customer marketing, trade marketing and brand marketing groups. However, the lines between these groups are blurring or even non-existent.

Customer marketing means marketing products to the shopper through the retail customer. It is not data or customized point-of-sales or a pretty sales presentation. The companies that are really good at it build unique equity, get attention with customers and make customer marketing integral to their entire business cycle.

Which companies are doing it right?

Those that are doing it best make the bet with their wallets that customer marketing is what they do as a company. P&G is the most notable example, shifting more marketing resources and dollars to work directly through the customer. Pepsi is getting a lot better. And Diageo, which has always had an intuitive and deep understanding of the consumer, now has an even greater appreciation for its customers.

Accountability: Yours

It's up to clients to cut agency-relationship waste.

by **Arthur A. Anderson**, *Principal Morgan Anderson Consulting*

Based on our 20 years of working with multinational advertisers, we've estimated that as much as 80 percent of waste, inefficiency and ineffectiveness in the client/agency relationship comes from unsatisfactory work practices on the part of the marketer.

The waste in terms of dollars and cents is considerable. Total annual global investment in marketing/communications is \$1 trillion-plus, while spending on these and other marketing-sales related programs tops \$4 trillion annually. For some companies, annual investment in overall marketing is 20 percent of revenues or more.

And yet, despite the dollars spent, less accountability is accorded to marketing communications than most other areas of corporate investment. In fact, the Association of National Advertisers reports that only two percent of its members are at the highest levels of best practices and R.O.I. management.

This is not lost on the boardroom—and not only because Sarbanes-Oxley has gone beyond “fraud” and “controls” to embrace the language of “oversight,” “due diligence,” “best practices,” “transparency,” and, increasingly, “value R.O.I.”.

This can—and must—change. Unfortunately, many of the barriers to productivity are little known, as they are embedded in the marketer DNA and culture. However, there are no reasons for this to continue when measurement, R.O.I. metrics, benchmarking, and evaluative processes are available to corporate managers.

Of course, it is always easier and faster simply to switch agencies than to identify the underlying productivity and process problems and improve them. Given human nature and the short-term results that Wall Street seeks, a review for a new agency is often the answer. But most

practitioners would agree that severing an advertiser-agency relationship is disruptive, if not detrimental, to brands.

Indeed, even though our firm has done many agency reviews over the years—and at one time saw agency search as a necessity—we now see it as a “last resort” measure. A better, longer-term approach is to identify the client/agency productivity and process problems and solve them.

Yes, it can take time and effort to nail down these inefficiencies, but it takes time and effort to conduct a Gold Standard agency review as well—and there is often more risk to the latter. We're not talking about rocket science (would you entrust your brand to NASA anyway?). There now exist diagnostic tools that enable advertisers to track the existence,

performance and level of their work practices and processes (you don't have to go to Houston to use them). They are web-enabled; you can see them on a computer screen anywhere around the world.

To help solve productivity and process problems, we developed one such web-administered system called Client Agency Productivity Evaluator (CAPE). It is a four-step process involving several dozen client-specific diagnostic questions, relating to five different areas of advertiser work practices: 1) marketing/advertising planning; 2) management of agency; 3) marketing/advertising organization; 4) media practices; and 5) agency accountability controls.

The benchmarking metrics are derived in part from our recent studies of five best-practice global marketers in pack-

Keeping Tabs

Five suggestions for effective marketing governance

- Ensure that your marketing/communications work practices achieve industry “best practice” standards. Is your corporation more (or less) efficient with its advertising budget and media expenditures than your competitors?
- Put marketing and communications expertise on your board of directors and management executive committee. Your board should have R.O.I. metrics and benchmarking protocols in place for measuring marketing communications accountability.
- Implement internal controls and oversight for marketing/communications spending. Your agency contract should give you the right to fully audit your account and you should be prepared to do so.
- Your board and management are more than fully aware of the personal risks of less-than-complete fiduciary compliance. They should also be aware of how far marketing/communications has moved in the direction of accountability and metrics.
- It has been said that clients are religious about costs, but agnostic about value. Therefore, evaluate marketing process and productivity in addition to assessing agency costs.

aged-goods, high-technology, consumer electronics, consumer durables and soft goods. These studies were supplemented by input from one of our “experts panels,” consisting of chief marketing officers, chief purchasing officers, advertising agency executives, and two decades of our work for marketers in virtually every category of products and services.

For example, when examining the marketing/advertising planning process, here are some of the diagnostic questions posed: Does the client have an annual marketing-planning document? Are the advertising goals communicated clearly and in a timely fashion to the agency? Does the client share all important and relevant information with the agency (research, sales data, etc.)? Is the agency’s scope-of-work or briefing document written and articulated clearly by the client?

With regard to agency accountability process: Is there a formal evaluation system in place? If so, does it involve both the client evaluating the agency and the agency evaluating the client? Is the process grounded in fact-based metrics?

The CAPE methodology identifies criteria for each client-critical work practice; determines if the practice exists at the client organization; assesses how important that practice is for that particular client; rates the practice level; and allows for anecdotal input (often the most valuable there is) related to the practice in question. There is no limit to the number of respondents, and language need be no barrier.

The system uncovers the best and the worst practices—and everything in between—helping to reduce the risk and the cost of poor work practices. Everything is grounded in quantitative benchmarking against industry standards, giving senior client managers a compelling case for recommending and implementing work practice changes and demonstrating to procurement departments that gauging marketing-process R.O.I. need not involve a “black box.”

Sample CAPE Diagnostics

(3 of 35 diagnostics)

	Client Does?		Client Does?		Material Variance?	Importance (3=Highest)
	Client Says		Agency Says			
	Yes	No	Yes	No		
1. Does client produce an annual marketing plan document?	1	3	4	6	✓	3
9. Does client have creative briefing process guidelines? Are they followed?	2	2	2	8	✓	3
24. Are the respective roles and responsibilities of client and agency clearly identified and communicated by client to agency?	2	2	5	5	✓	3

As a result, existing client-agency relationships can not only be retained, but also improved, step-by-step, as clients are better able to manage their agencies with clear, specific guidance as to expectations, goals and responsibilities.

In a recent case for a major consumer

Barriers in work practices and process that negatively impact productivity can now be identified and resolved. However, a new approach can be taken that is win/win for client/agency relationships and that makes clients and agencies more accountable to each other and to themselves.

Price + Value – Waste = Client/Agency Productivity

services company, a new CMO who had been promoted from within the company needed to get a better read on how well things were working internally and with the mainstream advertising agency.

In one particular area (media planning/buying), there was a consistent lack of budget management and adherence to standards. This was due to constant feedback from the field to the agency stemming from competitive pressures. As a result, there was rapid, uncontrolled movement of money from one field market to another, and from one medium to another. When all the numbers were identified, this happened an average of 72 times per month (once every 3 hours). This was relatively unknown and was highly inefficient as well as ineffective.

How costly? On a media budget of \$200 million, substantial unproductivity (re-investment opportunity) of \$30 million resulted (\$26 million in media costs and \$4 million in creative re-work costs). That meant that 15 percent of the media investment was unproductive in terms of work practices alone. There was more when “uncompetitiveness” of media buying versus marketplace was examined.

Given the huge level of global annual spending on marketing and communications, “accountability” in this context leads to large savings and re-investment opportunities for marketers and their agencies. ■

Arthur Anderson is a principal of **Morgan Anderson Consulting** (morgananderson.com) specializing in marketing communications issues and needs of global marketers such as Bristol-Myers Squibb, Coca-Cola, General Motors, GlaxoSmith-Kline, IBM, Kellogg’s, McDonalds, Nissan, Novartis, Sprint, Unilever, and VW/Audi.

Morgan Anderson is the developer of proprietary benchmarking and assessment methodologies such as CAPE and has a patent pending on the qualitative and quantitative assessment of marketing services firms. To receive a complete CAPE PowerPoint presentation with two case studies, or web-enabled demonstration of CAPE, please contact aanderson@morgananderson.com or call (212) 741-0777.



No Pain, No Gain

The **burr under the saddle** of many agencies these days always seems to grow a little bigger when their clients start to ask questions like the following:

“We need to do a promotion with Wal-Mart. Show me some of the things your agency has done there.”

“We’re thinking about consolidating our agencies — what are your account-specific capabilities?”

“That’s excellent creative, but how will this promotion help us meet our objectives in Safeway?”

Train it, hire it or acquire it — agencies must be prepared to deliver account-specific marketing.

by
Chris Hoyt
President
Hoyt & Company

If you’ve gotten any of the above questions — or just have a nagging discomfort that your agency is leaving money on the table because your clients are using another agency to handle their ASM business — you may be considering adding account-specific marketing (ASM) capabilities to your agency’s portfolio. Frankly, there are compelling reasons to consider doing this:

■ **ASM is no longer niche:** Cannondale Associates estimates ASM promotion spending at 10% of total CPG marketing budgets in 2005 — up three points since 1999. In contrast, Cannondale pegs traditional consumer promotion spending for 2005 at 16% of marketing budgets — down a point in the same six-year period. This makes ASM spending equivalent to approximately two-thirds of consumer-promotion spending and growing faster — an opportunity that few agencies can any longer afford to ignore.

■ **ASM is manageable:** Seventy-eight percent of respondents to an August, 2005 *Reveries.com* survey on consumer promotion at retail report that the maximum number of retailers for whom they develop customized account-specific promotions is only *nine* — although some marketers with long experience in ASM do routinely go as high as 20.

■ **ASM is expected:** As their most important customers demand that in-store promotions be customized for their stores, clients need to be able to provide account-specific marketing. If you don’t have the capability to do this, the risk is that they’ll take their ASM business to someone else. Worst case is that if they don’t want to deal with multiple agencies, they may take *all* their business elsewhere — as several prominent agencies have recently found out.

Now let's assume we've got your attention and that you think the prospect of building an ASM capability within your agency may be worth exploring. Based on our experiences with agencies that have already taken this step, there are a number of considerations you will want to address before finalizing your decision:

1. Do you have a clear definition of ASM and a clear vision of which ASM capabilities you want your agency to be able to provide? What approach will you use to realize this vision? For example, will you attempt to re-train your current account teams to become experts in ASM, hire-in ASM expertise from the outside or go the acquisition route?

2. Are you willing and able to invest in building these capabilities? No matter which alternative you choose, ASM cannot be done on-the-cheap, especially initially, and will require a substantial investment that may not immediately pay out.

3. Are you willing to shake up your organization a bit and possibly lose some people?

4. Do you have the patience and commitment to ensure that ASM in your agency is built the right way?

ASM Definition: In its simplest form, ASM is consumer promotion within a specific retail environment. The key differences between ASM promotion and traditional consumer promotion are the addition of the retailer's objectives to the formula and the knowledge required to understand how the brand's target consumers behave as shoppers in specific retailers. This is the key to activating purchase within these retailers and deciding which type of promotion will best achieve this. In ASM promotion, the promotion is expected to yield measurable results for both the brand and the retailer.

Clear Vision: There are several permutations of account-specific marketing. These range from things as simple as providing a menu of promotional options from which retailers choose, to collaboration with retailers on the strategic objectives of the promotion, to understanding the

drivers of shopper motivation and behavior within specific retailers. Each requires different skill sets and different resources. As a general rule of thumb, the more strategic the account-specific marketing level, the more you're going to have to spend to build your capabilities. A clear vision of ASM, and a determined commitment to seeing that vision realized, are the most critical success factors in developing an ASM practice.

Investment: Obviously, developing new capabilities always requires investment, and ASM is no exception. While best-practice ASM executives have to be fully versed in traditional consumer promotion, they must *also* understand:

- ▶ The retail landscape and competitive environment relative to target retailers
- ▶ The objectives, priorities, protocols and current "hot buttons" of target retailers
- ▶ How to meet the objectives of both the client and the retailer
- ▶ Who target retailers' customers are, as well as who the consumers are of the client's brands
- ▶ How target consumers behave once they morph into a shopper mindset

This knowledge doesn't come cheap. Whether you train it, hire it or acquire it, be prepared to spend some significant shekels.

ASM account teams also need tools to stay up-to-the-minute with what's happening in the marketplace and with specific major retailers. Because the retail landscape changes kaleidoscopically and because most retailers are fundamentally tactical and can therefore change their objectives and priorities virtually weekly, we believe that one cannot expect to be a best-in-class ASM practitioner without subscribing to certain information sources. Essential among these — in our opinion — are: 1) Management Ventures, Inc, (MVI), 2) Retail Forward, and 3) In-Store Marketing Institute. (Hoyt & Company has no financial relationship with any of these companies).

Organizational Shake-Up: You may have this vision (as lots of agencies we know have had!) of the great synergy your ASM group will have with your traditional

promotion account teams — introductions to clients, cross-selling, revenue-sharing and lots of other good things. While this can happen, it doesn't happen without careful planning. You will need to put some very specific things in place and these things are not going to please everyone:

1. Training and education for everyone in the organization on what ASM is (and is not). Make a big deal out of your decision to get into ASM. Explain what it is (and is not) and give examples of the process required to develop a best-in-class ASM promotion program. Point out the key differences between the program development processes for ASM promotion vs. traditional consumer promotion. Ensure that everyone in the agency knows why you made the decision to get into ASM and specifically what you expect of him or her to help make this initiative successful.

Share your vision and explain the strategic and organizational approach you have chosen to make ASM work for your company. Define how ASM assignments within *current* versus *new* clients are to be handled — meaning who will do what and how credit for new ASM business will be assigned. Help your Account Teams understand how ASM can help build their revenues and extend their relationships with current clients and the benefits to everyone of making this a success.

2. Higher revenue objectives and incentive plan changes. Because the learning curve on ASM can be quite challenging and because of certain attitudinal issues you may have to overcome (discussed below), do not expect your current account teams to initially share your enthusiasm for the ASM opportunity without being strongly motivated to do so.

Waste no time, therefore, in putting teeth into your determination to make this work by increasing the revenue objectives of your account groups to incorporate the incremental ASM revenue they will be expected to sign (or identify) and tying their performance against this objective to a strong incentive plan. Frankly, given the obstacles that must be overcome, any *other* course of action is wishful thinking. →

← **3. Improving client penetration.** Be prepared to require your account execs to identify where the ASM decision-makers reside within their current clients and make sure they introduce these people to your new ASM account team. To do this, it may be necessary for your account teams to extend their penetration of current clients beyond those with whom they deal on a regular basis to those responsible for ASM decisions.

This is not an easy task if they do not know these people already, especially because these decision-makers may reside in a number of different departments such as Sales, Co-Marketing, Shopper Marketing and even top management. Because doing this may require a learning and behavioral

change for some, there is no easy way to make this happen except to make it a corporate objective.

4. Attitude adjustments. Expect to have to deal with the following two issues which sometimes crop-up in situations like this:

▶ ASM is developed differently than traditional promotion. It is based fundamentally on meeting the needs of clients, retailers and shoppers rather than on the “Big Idea” which starts with creative. As a result, ASM is often looked down on by traditional consumer promotion execs as “totally tactical”—*i.e.*, as something that is focused on execution or the minutiae of a particular retailer and not on the

levers that will turn heads and build volume on a meaningful, broadscale basis.

While execution *is* a critical component of ASM (as it is with traditional consumer promotion), the fact is that in most cases, ASM execs are doing twice as much strategy work as their traditional promotion counterparts—for both the client’s brands and its target retailer(s).

▶ It is no secret that Account teams are protective of the relationships they have with their clients. They are understandably reluctant to let “outsiders” in—particularly if they perceive these people as “tactical” and incapable of adding value to the relationship. When your account teams are not educated

Three ways to ASM for agencies

Train it*

Pros

Training your current personnel to become proficient in ASM gives you high marks for corporate citizenship. It also positions ASM as a growth opportunity within your organization and something to which others might aspire. When you select highly respected internal consumer promotion experts for your ASM team, the rest of your organization is much more likely to accept ASM as an equal partner.

Cons

This approach is obviously time-consuming. There is a lot for the ASM team to learn and they are sure to make mistakes until they become more experienced. Expect a 12-18 month trial-and-error curve before meaningful revenue begins to materialize.

** defined as training current personnel to staff an ASM specialist account team*

What You Need to Make this Happen

▶ A top management who “gets it” and is determined to make it happen via a formula that includes knowing what commitments are required *before* deciding to proceed, clarity of vision, a roadmap to achieve this vision, the willingness to invest the time and resources necessary to do it right and the patience required to see it through and put up with potential organizational disruption.

▶ Continual, intensive training on ASM theory, practice and implementation. We’re not talking a one-shot training session here but ongoing help from outside experts in developing the infrastructure, skill sets and knowledge necessary to be a best-in-class ASM provider.

Hire it*

Pros

ASM experts know how to make it happen and will need little training. They’ve planned and implemented ASM programs before and can inspire confidence in your clients quickly. The primary help they will need is exposure to your present clients at every new ASM business opportunity—something they will not be able to get unless you pave the way for them by putting in place the corporate policy requirements discussed above. Assuming you do this, this team should be able to pay for itself relatively quickly.

Cons

Because they will have all been hired from the outside, the people manning this team will, by definition, be “strangers.” Expect some distrust and turf protecting from your established account teams. In addition, your new ASM team will demand changes in the organization of the nature discussed above if you haven’t made them already. Obviously, it’s much better for everyone if top management mandates these changes coincident with its decision to hire this team rather than putting the burden of requesting these changes on the new ASM team after it is on board.

** meaning an experienced ASM team of experts*

and incented to overcome these apprehensions, your investment in ASM will quickly dissipate.

Patience: Obviously, because you will be just starting out, you will need time to establish your ASM credentials in the marketplace and develop the confidence of your clients that you can “make it happen” in-store. Even clients who know you and respect you understand that there are different skill sets involved in ASM that you must prove you have mastered before they will place *their most important customers* in your hands.

Expect to do some spec work to showcase your new capabilities, especially as teasers with current clients. Expect to

be quizzed on how you would approach different retailers. Keep your initial ASM revenue targets relatively low, even if this means absorbing some overhead. If you want this to work, give it the time and support it needs to grow. Because of the growing demand for top-notch ASM capability in today’s marketplace, the only reason for failure is gross mismanagement.

Building or acquiring ASM capabilities isn’t easy. It’s especially hard to think of taking on the headaches when you’re already consistently meeting objectives. But if you’re hearing things from clients and prospects that are growing the burr under your saddle, deciding to get into ASM may no longer be an option. ■



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What You Need to Make this Happen

- ▶ A team — not a “change agent.” Because ASM is organically different from traditional promotion, the minimum you will need to get this initiative off to the right start and give it a chance of success is a team comprised of ASM specialists in Sales, Account Management and Creative — or exactly what leading-edge clients would expect of a best-in-class ASM provider. Then, as the business grows, you should be prepared to add an ASM analyst to this team to do the research necessary to the ASM promotion development process.
- ▶ Clearly-defined expectations worked out before the team is hired — revenue objectives, job descriptions for all team members, including roles-and-responsibilities, how new business credit will be assigned, how and on what occasions the new ASM team should work with current account groups, and what current account groups can expect in the way of support from the ASM team, etc. Importantly, all other account groups should also be made aware of these boundaries and responsibilities so there is no confusion about who is supposed to do what once the new ASM team comes on board.
- ▶ Dedicated top-management support and involvement until the new team has had a chance to get its feet on the ground and start generating revenue.

Acquire It

Pro

Speed — because you are in the ASM business immediately. If the acquired company is known for its ASM expertise, you have built-in credibility as well as built-in clients. All the functions of ASM are already there and know how to work as a team. You are less dependent on cross selling with the existing Account Teams and can therefore afford to ease into this.

Cons

The biggest con is that many companies try to do this internally — an understandable proclivity given the relatively small universe of potentially available ASM promotion companies. However, assigning the search process to an employee with other responsibilities and little, if any, expertise in this area risks slowing this process to a crawl and thereby forfeiting one of the most important advantages of the acquisition route which, of course, is speed.

Even worse is the possibility of spending all that time on the assign-

ment only to surface a less-than-satisfactory slate of candidates. While there are also no guarantees that a search done by an experienced outside company will turn-up a satisfactory candidate, the fact that the search is focused, dedicated and time-bound improves one’s chances significantly.

What You Need to Make this Happen

- ▶ A clear vision of what you want from ASM and its potential for your agency.
- ▶ Criteria against which to assess possible acquisition candidates.
- ▶ An M&A expert with knowledge of ASM & the U.S. promotion landscape.
- ▶ Adequate funding — keep in mind that if the company you want to buy is already successful; they probably are not too enthusiastic about selling.
- ▶ A back loaded buy-out contract to ensure that you keep the expertise you’re buying.

Retail Televised

CompUSA uses in-store television to drive sales.

by

Terry Scannell

Founder

ipSigns

Recently, TNS Media Intelligence reported that total ad spending in Q1 of 2006 accelerated by 5.2 percent as compared with Q1 of last year. As always, a deeper dive into the data suggests that there were some “winners and losers.”

Not surprisingly, internet display ads increased the fastest, posting a 19.4 percent gain. Free Standing Insets (FSIs, mostly in Sunday newspapers), meanwhile, were up 18.5 percent. In addition, “outdoor,” until recently considered a “backwater,” increased 11.1 percent—to almost \$850.0 million.

The “losers” were local newspapers, down 6.1 percent, followed by network radio and local radio, down 3.5 percent and 1.1 percent respectively. Lest anyone think that network TV ads are going away, they rang up a 12.5-percent gain in spending. (Some observers say this increase is in part due to ad spending on the Olympics that will not happen again for another two years).

These “macro trends” certainly are shaping what is occurring in the media world. But they also may reflect some of the innovative approaches that some advertisers started to take three or four years ago to respond to audience fragmentation. One sector that is particularly attuned to such changes is consumer electronics (CE) retailers.

In fact, Best Buy, Tweeters, Circuit City and other CE retailers have all added in-store media networks—particularly in departments that feature flat panel and HD televisions. Over the past two years, CompUSA, one of the leading CE retailers with 250 stores, has been experimenting with a centrally controlled in-store media network.

CompUSA’s goals were to avoid the fragmentation that is occurring in mass media, enhance the customer experience in their stores, and provide their custom-

ers with current and relevant information about some of their 80,000 products. At the end of the day, it was also about gaining sales lifts on featured products.

The content featured on the CompUSA in-store system is a mix of information about generic products like CPUs or security software; CompUSA brand-building; and short ads by companies like AMD and Symantec. The concept is to inform and

When in-store television is integrated with FSIs, even bigger gains can be achieved.

to sell. All of the content on the system is presented in a High-Definition format.

The results of a test conducted in 2005 were striking. The test stores that had the CompUSA in-store media network coupled with FSIs enjoyed a 24-percent sales uplift on the products featured on the system, while those without the FSI saw an 11 percent increase. This test data was generated directly from the point-of-sales systems and compared stores without the product ads, but which had the media systems.

The data from CompUSA also suggests that when an in-store media network is

integrated into the media mix, with FSIs for example, that even bigger gains can be achieved.

The CompUSA system was designed and is managed by Play Network, a Seattle-based company that uses music and video to enhance the shopper experience and to drive sales.

In turn, In-Store Media Networks of Dallas, Texas, is responsible for selling all third-party ads on the system.

Diana Gundelfinger, the CEO of IMN, said that AMD has experienced a 38 percent increase in the sale of the products it advertises on the system. Symantec has done even better, she reports, with a 107 percent increase. Gundelfinger admits that “most of the spending is coming from merchandising dollars now” but she predicts that “in the next 18 to 24 months... ad dollars will start to move to in-store media as the larger agencies and their clients start to see these types of results.”

For its part, CompUSA has since extended its investment in its video network into a front-of-store application called “What’s Hot,” featuring new products on display and 42” video displays for specific prominent programming—all of it different from the programming airing in other areas of the store.

The key issue for in-store media networks is whether or not ad dollars will start to move to it as money is now moving towards on-line, outdoor and other so called “non-traditional” media. Stay tuned! ■

Terry Scannell is the founder of **ipSigns**, a solution provider for networked digital signage systems. Prior to forming ipSigns, he was a managing director and coo of the company that installed and provided content for the Nike In-Store network. He has worked with companies such as Toyota, Intel and Freightliner Trucks. Terry can be reached at terry.scannell@ipsigns.com or (503) 789-6566.

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