

THE HUB



\$10.95 | September / October 2006 | Exchange of Ideas

The AMEX CONTEXT

"Affluent consumers are busy....they are early adopters of new media...and they are causing the general slide in a lot of the traditional media."

Jim Hedleston,
global brand media
chief, American
Express.
(pls. see page 18)





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Exchange OF Ideas

Exactly two years ago, we published the first edition of the HUB as a four-page newsletter. Thirteen issues later, the HUB is a 36-page magazine that is fast becoming a favorite of thought-leading marketers not only in America, but also around the world.

We aren't just saying this; we *know* this. Last month, we took a survey of our readers and 72 percent said they either liked or *loved* the HUB. When we asked whether they wanted to continue to receive the HUB, 99 percent said, "keep it coming."

Here we come! With this issue, the HUB has a brand new look to match its brand new take on the business of marketing.

We launched the HUB because we thought you deserved a magazine that aspired to be as intelligent, innovative and interested as you are. We sensed a certain void in the literature when it came to the thoughtful discussion of challenging questions. We were struck by the lack of examples of real, live results in the marketplace.

We also saw an opportunity to make our medium part of the message, with a magazine that breaks some rules. In fact, we don't even think of the HUB as a magazine. We think of it as an *exchange*...an *exchange* both in terms of "give-and-take" discussion, as well as *exchange* in the sense of a "marketplace" (like the Stock Exchange).

Our premise is this: Marketing is the business of ideas. Like any business, it has buyers (clients) and sellers (agencies). As an *exchange*

of ideas, the HUB is a place where ideas are presented, discussed, explored, changed, accepted or rejected, bought and sold. May those with the best ideas win!

The HUB looks like a magazine, reads like a magazine and even has ads like a magazine. But we think of it as more than just another magazine. It is a place where the best, brightest and boldest in marketing—clients and agencies alike—can *exchange* their best thinking.

All of which is brought to you by the editors of *Reveries.com* and *Cool News of the Day*, and made possible by our *Brain Trust* (G2 Promotional Marketing, Hoyt & Company, Insight Out of Chaos, MediaCart, Meridian Consulting Group, TBWA\Worldwide and WomanWise)

Hub Club (Elias Arts, Northlich, OnRequest Images) and *Friends* (Investor's Business Daily, IpSigns, Landor Associates, MineTech, Radiate Group and Yahoo!).

We'd love to hear your thoughts—on the HUB as an *exchange of ideas* as well as the stories that grace the pages that follow.

Just visit www.hubmagazine.com and click on the "Reader Survey" link in the upper right-hand corner. Many thanks.

All the best,



Tim Manners, *Editor-in-Chief*

The HUB is an exchange of ideas...a place where ideas are presented, discussed, explored, changed, accepted or rejected, bought and sold.

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Marketers
are turning
their backs on
television advertising.
But do they have a grip
on the alternatives?

If Not TV...?

A new survey of 192 senior-level marketers by *Reveries.com* found 70 percent are frustrated with “traditional” media and 90 percent are actively seeking alternatives. Surprisingly, a whopping 72 percent said they are exploring “in-store” media as an option. However, almost half of respondents — 47 percent — rated their ability to measure the effectiveness of retail and other alternative media as only “fair” or “poor.” Why is that and what can be done about it? To explore those questions and other related issues, we sat down with **Dr. Brian Harris**, founder and co-chairman of **The Partnering Group**, an internationally acknowledged pioneer and thought leader in marketing brands through retail.

What’s your overall take on the survey’s results?

The numbers are thought-provoking. About 70 percent agree that the effectiveness of traditional TV advertising has been reduced. Other studies have indicated that that’s the case, but when you get 70 percent of senior-level marketers saying that, it’s a pretty solid indication that television as an advertising medium is in decline.

Then, as a result, it’s not just that marketers are frustrated with the declining effectiveness of TV ads, but more than 90 percent say they are actively looking at alternatives, and about 60 percent say they are looking at alternatives as a “high priority.”

Almost three-quarters of respondents basically are saying that in-store retail media are emerging as legitimate alternatives to achieving greater effectiveness in their media spends. If you went back two or three years ago, the percentage would have been nothing like that. Retail media now has moved into second

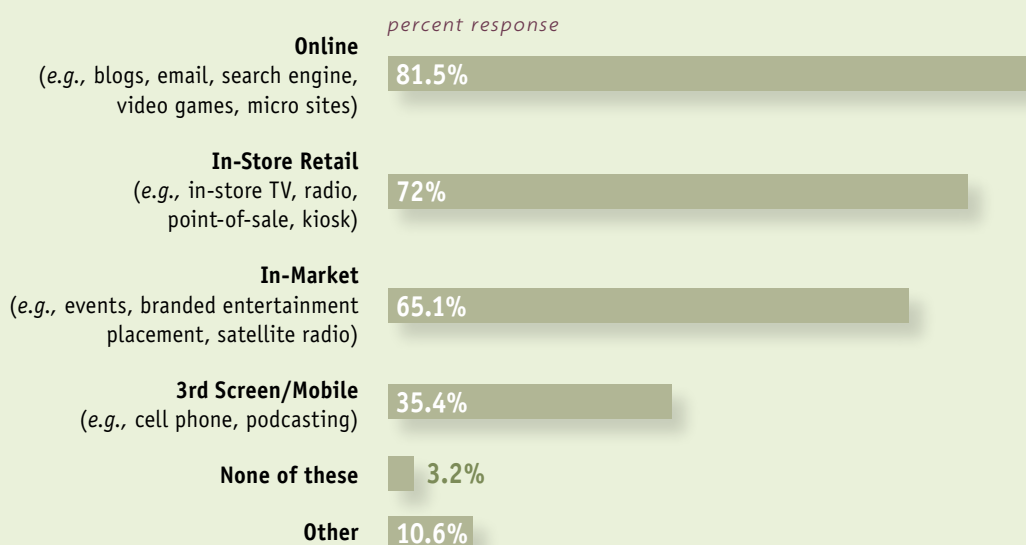
place behind online media. Also, given the broadening array of in-store options that exist today that we didn’t have in the last couple of years clearly suggests that in-store media is now becoming part of the mainstream search for media alternatives.

Why do you think that is?

Marketers are looking at consumer trends in media usage. For us to reach consumers in a “leisure” setting is more difficult than it used to be. The need to connect to the consumer when the consumer’s attention is on the purchase decision and not just simply in an entertainment (and therefore less in a purchase) setting is clearly a key behavioral reason that underlies this kind of trend.

As we all know, consumers today are just plain busy. They have many distracting alternatives and ways of screening out distractions in other media options. Once in-store, people are in a purchasing mode. They are there to buy something, to get information about

Which of these alternative-media approaches have you explored?



SOURCE: Reveries.com

the products they buy. Frankly, it's a much more compatible setting in which to influence the outcome.

In addition, companies like Procter & Gamble have really made it clear that the so-called "First Moment of Truth" is a major strategy for them. The best place to impact the consumer is when the consumer is in the aisle, reaching for a product. That's the most effective way to reinforce or change consumer behavior. Few people disagree with that, but when you get a major player like Procter & Gamble promoting in-store media as a major strategic direction, others listen.

Do you think marketers see in-store and online media as similar in some ways?

There are similarities and differences between the two. But if this survey is done again two years from now, I think the use of in-store media would be ahead of online media.

How so?

According to the survey, only about 22 percent of respondents said that they had tried in-store television, for example. Regardless of how you feel about in-store television, the fact that less than a quarter has even tried it says that there's a lot of potential for upward penetration. With online, by comparison, the percentage of companies that have already tried it and made a decision about whether they like it or not is probably quite a bit higher.

But the percentage rating the potential of retail as a medium for marketing as "excellent" is not even 20 percent.

Well, if you add up those who rated it as "good," "very good," or "excellent," the total actually was about 76 percent. "Very good" was the number one response at about 30 percent and "good" was at 26 percent. Less than three percent said it was "poor" and about 13 percent rated the potential as "fair."

Your conclusions depend on how you want to add all of those up, but even if you took just "very good" and "excellent," the total comes to almost 50 percent. We can't compare that to other options, but for a media type that hasn't been around for all that long, that's a pretty good level of positive reaction to the value and applicability of in-store as a medium.

What's holding it back?

Two issues are holding it back — which probably are also the keys to using it more successfully. One is, measuring effectiveness: About 48 percent said it was still "fair" to "poor." As people put more emphasis on return-on-investment in marketing spends, the inability to measure in-store media is clearly a weakness that needs to be addressed.

The second issue is that shoppers ignore in-store media. About 46 percent said that a major factor limiting the effectiveness of in-store media is that the shopper ignores the messages. To make in-store media work, the message has to be relevant to the shopper at the right time.

If consumers are learning to ignore TV at home, what makes us think they won't also ignore it in the store?

I'm sure there's a fair amount of reaction among the survey's respondents to things like in-store television, where the TV screens are either placed in certain parts of the store or at checkout. The problem is that the purveyors of retail media to date have simply exported traditional television approaches to retail. If consumers are learning to ignore TV at home, what makes us think they won't also ignore it in the store? Shoppers see in-store TV as either a clutter factor, or they just don't connect the message at the moment when it could influence their purchase decisions.

How would you solve those problems?

It all comes down to targeting and positioning. Something like an electronic shopping cart, where you only expose the shopper to advertising messages at a point where the product is within reach, could solve the problem. Also, on a targeted basis, you can target the shoppers who actually have the cart in their hands, and it's a relevant message to those shoppers at the right times.

On-shelf digital messages also can deliver a product message at the right time and place. The only issue is one of targeting, which is still a problem because the sign on the shelf is shown to anybody who either pushes the button or comes within body-warmth dis-

tance of the display. It is self-selecting, in a targeted sense, if the customer pushes the button to see the message. But it's not as targeted as something where you scan a card and get a personalized message based on your past shopping behavior.

What is the potential role of loyalty cards in terms of the ability to target shoppers as well as measure effectiveness?

That's the Holy Grail. It's not only the ability to display timely messages at the right place, but you must also have the right messages being shown to the right customers. Loyalty cards are the key to that. You're not looking at the personal ID information; that's not critical here. What you're looking at is the past purchase behavior.

For example, for shoppers known to buy wine, the ads and messages you deliver should relate to that. That way, you can target and measure impact against targeted groups of shoppers. That would be a significant closing of the loop in terms of both measurement and targeting.

What is the right proportion of purely product ads versus messages that include information or special offers?

The retailers I've worked with are saying that if in-store media is just all ads, it's not going to work. Some of the retailers that have been into some of these in-store media longer are saying that no more than 40 percent of the messages that a consumer sees on a shopping trip should be a straight product ad.

The other 60 percent should be information about what's available—product ingredients, cooking tips, whatever. Retailers want to position their marketing messages and their store attributes along with appropriate advertising.

The more that in-store media enhances the shopping experience—makes it more efficient, more effective, and more interesting to the shopper—the more it differentiates a retailer from their competitors. It should not simply be a vehicle for CPG companies to run ads. That will kill it. It also has to get shoppers to pay attention by adding value.

In general, how would you rate retail's potential as a medium for marketing?



SOURCE: Reveries.com

The missed opportunity is to add value by enhancing the shopping experience.

Do marketers have their priorities straight when it comes to their objectives for retail media?

According to the survey, the number-one priority among marketers was “to increase impulse purchases.” If you were to ask retailers the same question, they would respond the same way. It’s encouraging to see both parties in agreement on that objective. It’s surprising because I would have expected marketers to pick “increase share” as their top priority.

This particular result probably speaks to the fact that, in most of the typical shopping categories, you’ve got fairly stable growth. It’s difficult to grow brands in mature categories. The best way to grow for the marketer is the same as it is for the retailer. The marketer hopes the shopper will buy something they hadn’t planned to, and see that as a major source of growth. They might buy some fabric softener to go with their detergent, for example. It’s almost the same as the way a retailer would think about it—that it’s better to convert the traffic that’s already there.

What’s the missed opportunity?

The missed opportunity for retailers is to differentiate. One of the problems is that in any one week—particularly with off-shelf displays—you can find the same items on the same off-shelf display programs at most of the same competitors in the same markets. The missed opportunity for the media is to add value—enhance the shopping trip, provide information, entertainment, navigation, savings and trip facilitation.

In-store events, depending on the nature of them, can be differentiated from one to the other, but they tend not to be done that way. Special events are built around holidays or some particular time of the year—seasonality. Unfortunately, what tends to happen is that these two top things don’t give you much differentiation because they tend to be done by everybody, virtually at the same time.

In a world where you’re looking for differentiation—the ability to do different things in different stores at different times—you really do need to get more into the more targeted media. Certainly the potential is there to develop something that works in a particular environment and customize it that way.

If you drew a little grid, and on one axis you had “targetability” and on the other you had “positionability” (the ability to deliver the message at the right time) and you plot against those two factors, you can figure out the options that are best able to deliver the best combination of these two things.

Are marketers going about measurement the right way?

Media impressions still have some value, but I’ve always felt that return-on-investment should be high on the list because it’s really a matter of not simply whether sales increased “X” but the investment required to get the “X.”

Ultimately, you’ve got to come down to what’s the right mix based on return-on-investment. It’s a matter of where you put your dollars in the portfolio to get the right return-on-investment to get the sales and profit contributions you want.

In the end, the kinds of scorecards that in-store media need to deliver against need to be based on what’s good for the retailer, the shopper and the advertiser. If any one of those three parties is not satisfied, it’s not going to work. The shoppers must feel like their shopping has been enhanced, that they’re shopping more efficiently, getting better information, and generally liking it more than they used to.

For the retailer, it’s a question of whether these media really grow the basket in sales and profit or simply swap one brand for another within the basket. And for the manufacturer—obviously it’s got to be that it grows their business while at the same time delivering the scorecard measures for the other two parties.

Where should the funding for in-store media come from?

I think the survey’s respondents are thinking the right way about this; the high percentage of those saying they are shifting traditional media dollars to retail media is impressive. They’re basically saying that the funding for in-store media should mainly come from traditional print and broadcast media. Only 18 percent said it would come from trade funds. They are looking at in-store media as a consumer spend, and not a trade spend.

Trade spending, meanwhile, is still a major part of the retailer's profit equation. If budgets for in-store media were viewed by marketers as a switch out of the trade spend, that would be a challenge.

What we've really got to be talking about is consumer point-of-purchase spend — a combination of consumer spending at the point-of-purchase, as well as the retailer deploying trade spend at the consumer purchase level, rather than simply using it to pad their P&L.

So the buckets get combined and deployed at the right place. It's not an either-or; it's about not taking funds from bucket one and putting it into the other or protecting one bucket at the expense of the other.

We now should be thinking about in-store media as one-bucket deployment of funds rather than having competing buckets.

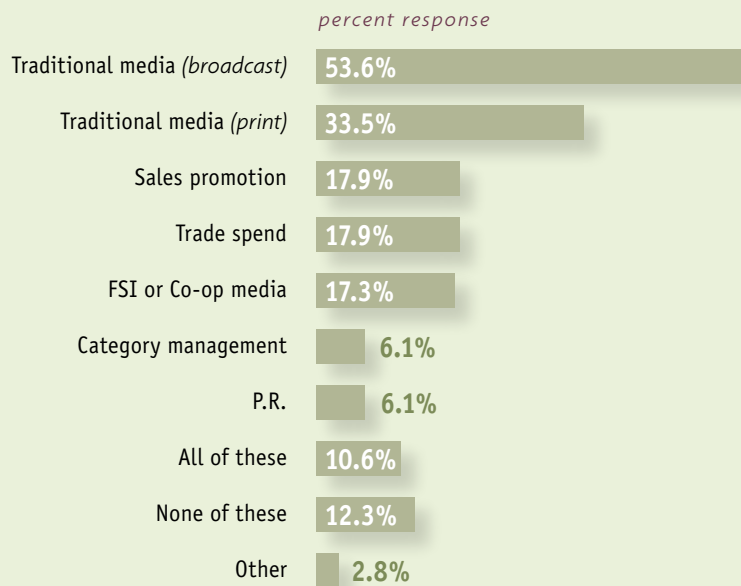
Which brands are using media other than television most effectively?

Companies like P&G, Pepsi and Kraft, for example. The advantage goes to marketers that have more products in more parts of the store. If you've got only one product in one aisle — a very specialized product — in-store media would still have value.

But P&G has products in 40-plus categories, and probably three-quarters of the aisles of a drug or supermarket or mass merchandiser. The opportunity in-store clearly is greatest for companies like Procter & Gamble.

The news is that we have validation of certain trends in a changing media landscape. Marketers are switching media, and the switch to in-store is firmly underway. There's no question about that. The other message is this idea that in-store media — the "positioning" versus "targetability" success criteria, is a message that needs to be delivered. It's not a new message, but it needs to be delivered.

If you did increase your retail-media budget, where would that money come from?



SOURCE: Reveries.com

The idea of balance between purely an ad play versus a balanced ad play and consumer shopping enhancement play is also very important. How that trend plays out is going to have a dramatic impact in terms of consumer acceptability, retailer endorsement and, ultimately, marketer use of in-store media.

It will be comforting for retailers to read that the industry is thinking about this the right way. In-store media is a consumer spend first and not a trade spend.

Even more important is the idea of the trade and consumer spend being deployed as a consumer spend. Retail media used to be deployed as a way to induce trade support. The research suggests that there is serious growth in interest in using retail media as a true consumer medium.

Finally, there are some implications about targeting, positioning, and point-of-impact and moment-of-truth that clearly would suggest that some in-store media are going to have higher success rates than others. ■



DR. BRIAN HARRIS, founder and co-chairman of **The Partnering Group**, pioneered two of the most significant developments in retail management — Computerized Shelf Space Management and Category Management.

THE *Emotional*

BY DORI MOLITOR

CEO, WOMANWISE

Schwan's creates brand enthusiasm by finding a deep, soul connection between moms and their teenage kids.

Like many other marketers, The Schwan Food Company summarized the women who bought their products as a set of statistics: Ages 35-54, with one or more children between the ages of 12 and 17.

It was only after we conducted a *deep dig* into the *emotional truth* that Schwan's realized that if creating *brand enthusiasm* among women were their goal, then they needed to reach their consumers on a far deeper, more subconscious level.

Schwan's was also persuaded that getting at the subconscious drivers of consumer behavior required a whole new approach that transcended the traditional sphere of sales data and focus groups. A more strategic approach—one that divines consumer behavior and infuses it with intuition and imagination—was required.

For Schwan's, the stakes were high. Its Pagoda brand of frozen Asian appetizers and entrees was not performing well enough in grocery stores. It's not that the product wasn't good—in fact, you might say it was almost *too* good. Pagoda actually was considered *too* authentic and, because of that, intimidating to consumers who were looking for more “mainstream” snacks.

The opportunity was to re-position the brand as a new generation of contemporary, Asian-inspired snacks with broader appeal. The upside potential for Schwan's was huge: Asian food is a \$21-billion industry, and yet less than three percent of that comes from frozen Asian-food sales.

Schwan's decided to re-brand the line as “Asian Sensations” and re-energize it by combining familiar Asian and American forms and flavors, such as Southwest Chicken Egg Rolls and Thai Chicken Mini Crisps. By creating a more approachable brand, Schwan's felt it had a better chance to resonate with today's consumers and better fit within the growing mainstream of the frozen snacks and appetizers category.

The real question, however, was: Resonate *how*?

If the re-launch were to communicate Schwan's new brand based purely on the usual array of internal data, it was sure to fall short. So, instead of falling back on the tried-and-true, Schwan's boldly made a decision to go for the *emotional truth*. The decision was made to pursue a new approach to consumer understanding that was every bit as innovative as the new products it would promote.

Arriving at that understanding was at the very heart of a seven-step process designed to create the kind of *brand enthusiasm* that was so critical to the success not only of Asian Sensations, but also drives brands like Apple, Target, Nike and Starbucks.

1. THE BUSINESS AUDIT. We started with a total immersion in, and assessment of, all of the information Schwan's had available on the brand. This entailed a fundamental business analysis of what was growing and what was not growing, the competitive set, the category, and the brand itself.

That required a review of both primary and secondary research as well as “stakeholder” interviews with the marketing team, executive team and key sales managers out in the field. The point was to get at the key issues that had prevented the brand's success, and to identify brand opportunities as well as information gaps.

Most important, this business audit was conducted from within a *marketing-to-women* context—as ultimately it would mostly be women who would be purchasing Asian Sensations. Schwan's had plenty of demographics data, but that didn't tell us enough about who “she” was. For that, we needed to transcend traditional research.

2. THE DEEP DIG. The goal of the *deep dig* was to get at the subconscious emotional drivers that motivate a purchase. Existing data was very clear with respect to the rational drivers. However, “convenience,”

Truth

for example, is not an emotional benefit; the real challenge was to get at the underlying emotional benefits.

A *deep dig* can involve any number of activities, including ethnography, shoppalongs, discussion groups, money games, workshops and in-home sampling, for example. Multiple activities are required because it is highly unlikely that any single activity, by itself, will reveal an “aha” moment. It is more a matter of picking up bits and pieces from each activity, and fitting them together in a puzzle to yield a *peak insight* that reveals a brand’s *emotional truth*.

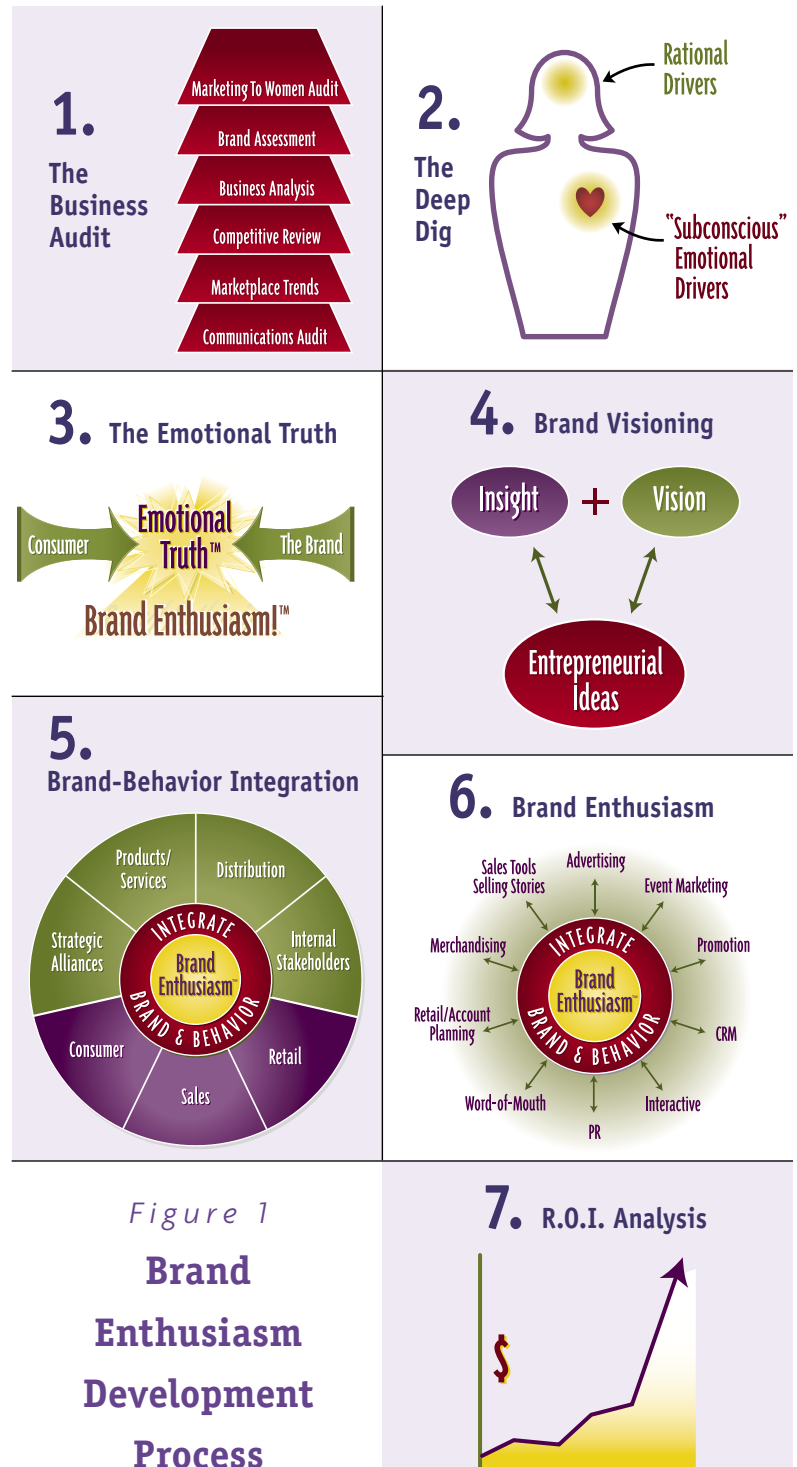
The *deep dig* for Asian Sensations centered on ethnography and discussion groups where women were not only encouraged to talk about what they feel, but also engage in exercises that got at their subconscious values and the fundamental motivators of their behavior. This approach highlights the often-dramatic gap between what consumers say, and how they actually behave.

Articulate Moms. We started the *deep dig* with in-home sampling, where we provided about 20 households with samples of the new product line and asked them to keep a journal about their usage of it. Importantly, we chose those households not only based on demographics, but also by identifying what we call *articulate moms*—that is, moms who are both in the correct demographic cohort and who are creative, intellectually curious and likely to be able to express their opinions fully.

Our *articulate moms* were told that the product they might know as Pagoda was going to be re-launched as Asian Sensations. We mainly wanted them to keep a diary of the “who, what, when, where, why and how” of the occasions when they decided to give Asian Sensations a try.

The sampling, by itself, could not provide a full picture, but it quickly surfaced a nugget that ultimately would lead to a key insight. The assumption going in was that “moms” were the sole target for Asian Sensations; after all they were primarily who would be making the purchasing decision in the store.

However, our *articulate moms* quickly zeroed in on the outsized influence of their teenage children in



Introducing Asian Sensations

Snacklightenments. The cornerstone of the brand platform was the creation of Snacklightenments—think fortune cookie for the 21st century. For example: “If you don’t first succeed, skydiving is not for you.” Snacklightenments became a proprietary asset that could be extended to numerous marketing venues including packaging, internet, events, promotions and more.

Packaging & Tagline. An approachable tagline, “Everyday Asian for Any Occasion,” was created and consistently implemented across all communication elements to suggest new usage ideas focused around snacking, entertaining and mini-meals.

National TV. Asian Sensations created a dynamic advertising campaign using morphing origami imagery set to contemporary music with simple, direct voiceovers emphasizing the “Every Day Asian for Any Occasion,” on national network and cable TV. The 20-week media buy concentrated on high-profile programming with cross-generational appeal, including shows like, *Grey’s Anatomy*, *CSI*, *The Apprentice*, *Desperate Housewives*, *Survivor*, the Emmy Awards and more.

National Print. Print ads ran in 16 national consumer magazines with headlines like “Welcome to the Yum Dynasty,” “Thai Something New,” and “Welcome to the Age of Snacklightenment.” These ads provided an introductory tone while giving consumers license to be more adventurous in their snacking. Ads were strategically placed to reach both moms and teen readers in common-interest publications like *People* magazine, for example.

In-Store Merchandising. Point-of-sale, couponing and in-store sampling all served as critical touch-points with consumers: In-store sampling in almost 8,000 stores nationwide; more than 141 million coupons distributed with the samples; coupons included a Snacklightenment that reinforced the brand personality and drove customers to the website for usage and recipe suggestions; customized point-of-purchase was prominently displayed; and free-standing bunkers increased visibility in select markets and retailers and provided supplemental display opportunities.

Polybag Drop & Free Standing Inserts. Full-page and half-page FSI’s with a circulation of approximately 30 million ran five times. A branded polybag was also delivered in local Sunday newspapers with a valuable coupon and a Snacklightenment to engage consumers in key markets.

Interactive. A new website strategy was designed and implemented to create a one-on-one dialogue with boomer moms and teens with compelling features like virtual Snacklightenments, snacking and usage ideas, events, sampling tours and more. Visit www.asiansensations.com

Key Accounts. More than 200,000 Asian Sensations recipe booklets were distributed at Wal-Mart stores in conjunction with an in-store sampling program. Customized acrylic brochure holders were affixed to the freezer doors to distribute the recipe booklets.

Trade & Retailer Sell-in Campaign. To ensure strong retailer acceptance, sell-in materials were created, along with a dynamic positioning video as well as buyers gifts like Zen gardens and Money Tree plants, (an Asian symbol for prosperity and good fortune). A print teaser ad campaign also ran in key industry trade publications including *Frozen Food Age*, and *Supermarket News*.

making that decision: They told us that they would want products like Asian Sensations in their homes so that their kids and their friends would want to hang out there. They didn’t see Asian Sensations as just another snack, but as potentially a social opportunity for—and with—their kids.

Teen Talks. As we heard our moms talk about that, we decided to dig deeper with teens, as well. We invited teens—both girls and boys—to get together at various Asian restaurants (such as P.F. Chang’s), in part so we could better understand their thoughts and feelings as it related to a product like Asian Sensations. More importantly, we wanted to get a read on their relationships with their parents, and where Asian Sensation fit within that context.

We also went into their homes to observe, interact, and get a sense of their living space, again to explore what began to emerge as a very interesting relationship between these “Gen Y” teens and their “Baby Boomer” parents. We began to see a somewhat startling—and certainly striking—similarity of outlook and interests between these two generations.

What surprised us was that most teens thought their parents were pretty cool. When we asked them to list what they didn’t like about their parents, they really didn’t have a lot to say (other than that they don’t like it when mom and dad try to use hip words like “dank”).

When you think about the parent-teen relationship as Baby Boomers knew it, it was all about rebellion and even animosity. Not so with Gen Y and their parents. Gen Y teens told us that they *like* how much their parents care about them, how well their parents listen, and how much they ask for their opinions. They told us that they liked that their parents let them be themselves and were open-minded. It was all very positive. These teens are not rebelling; they are connected. This parent-teen relationship can be almost a friendship; for the most part, there is mutual respect in the relationship.

Girlfriend Groups. The teen/mom relationship was further explored, and confirmed, by a series of *girlfriend group* insight discussions. These are informal get-togethers between groups of six to eight women, all of whom know each other. Sometimes, one of the women hosts the get-together, but if not, we have a special space within our offices that’s built out just like an at-home living room. It creates the perfect environment for relaxed and casual conversation.

We usually serve wine and appetizers, and in this case, of course we served Asian Sensations. Typically, we’ll start out in the kitchen, and as most friends do, the women chat about everything from how their

Figure 2 The Mom/Teen Connection

	Matures	Boomers	Gen X	Teen/Gen Y
Defining Idea	Duty	Individuality	Diversity	Self-expression
Work	Inevitable obligation	Exciting adventure	Difficult challenge	Fulfillment
Youth	Act your age	Feel young, stay young	Act grown up	No rush to grow up
Leisure	Reward for hard work	The point of life	Relief	Coveted
Education	A dream	A birthright	A way to get ahead	Expected
Money	Spend some. Save some.	Spend. Borrow.	Spend? Save? Spend.	Spend more. More spend. What?

SOURCE: Yankelovich

kids are doing in sports to that new store that opened at the local mall. In other words, the ambiance is nothing like that of a traditional focus group, where women often feel like they're under a microscope and can be too self-conscious, or even intimidated, to say what they really think.

While getting women to open up and talk and begin to share information is a great first step, it is not enough. Because our goal is to uncover the subconscious drivers of their purchasing decisions, we quickly moved away from conversation and toward activities that promised to tell a larger story.

With Asian Sensations, we had already started collecting tips of information about the unusual connection—the common values, beliefs, and attitudes—that moms were sharing with their teenagers. To get a deeper understanding, we gave them magazines and asked them to create *visioning collages* that represented the connection they had with their kids. The patterns emerged with clarity.

Almost everyone had a commonality around their kids with music, and, as it turned out it was a two-way street: They liked their kids' music, and their kids liked their music. Sports were another key area of common interest, as were vacations. Maybe none of that was surprising, but as we thought about it, one overarching "shared value" emerged.

3. THE EMOTIONAL TRUTH. The *emotional truth* for Asian Sensations was found within "youthful self-expression." The Baby Boomer parents of Gen Y children want to be young—and stay young—through strong relationships with their teens.

This outlook influences both their behavior and

their decisions in all aspects of their lives; it led directly to a marketing strategy premised on speaking to the common ground, or overlapping sensibilities, of these two generations.

While "youthful self-expression" is a value that clearly is shared by Baby Boomers and their Gen Y children, it is not at all common to the post-WW II generation that came before the Boomers. Nor does it apply to the Gen X generation that came between the Boomers and Gen Y, as documented by Yankelovich (see figure 2).

The insight was that Asian Sensations should not target the demographic profile of women, 35-54, but rather the *emotional truth* within the common mindset of today's Baby Boomers and Gen Y Teens, who share many of the same attitudes, values and beliefs.

This plays out in spades across a range of product categories. Think about it: Boomers wore hip-huggers; now teens call them low-rise. Boomers had platform shoes; teens wear chunks. Boomers had mopeds; their kids want Vespas. Boomers listened to the Walkman; now both generations have iPods. Both Boomers and Gen Yers drink Starbucks, shop at the Gap, listen to Green Day and The Beatles, and eat at P.F. Chang's.

In short, these two generations are closer and more tightly connected than any in history. So, we tapped the emotional insights in their shared youthful mindset with a contemporary, brand personality and a holistic, in-market strategy for Asian Sensations.

We summarized all of that into a positioning statement: "For adventurous teens and moms, Asian Sensations is an irresistible experience that brings excitement to everyday life because of its unique, sur-

prising and distinctive fusion of flavors.” What’s important is the personality — contemporary, cool, adventurous, unexpected, fun and spirited. We chose those adjectives very carefully!

4. BRAND VISIONING. Based on our insight — “youthful self-expression” being the *emotional truth* for Asian Sensations — we began to build a brand platform.

We saw many potential business extensions. For instance, it opened the door to ethnic flavors — Caribbean, Indian and French, for example. The notion of “youthful self-expression” also suggests everyday flavors like peanut-butter and jelly eggrolls, mac ‘n’ cheese, or chocolate. There could be breakfast egg-rolls, dessert spring rolls, and more.

“Youthful self-expression” also introduced possibilities for non-traditional distribution channels. Asian Sensations could be on high-school menus and college campuses. It could be at stadiums and arenas, at movie theaters and concession stands at beaches, parks, and beyond. It could be partnered in strategic alliances with other cool brands, such as iTunes, for instance.

This insight and this platform led directly to big, entrepreneurial ideas that could lead Asian Sensations into new marketplaces.

5. BRAND-BEHAVIOR INTEGRATION. Every dollar spent in marketing should drive the brand and drive consumer behavior. If you’re doing a television commercial, it isn’t just about the imagery; it’s about whether it’s going to drive behavior.

Whether we were talking to women, the sales force or retailers, it had to come from the heart of the *emotional truth* connection. The result was a full, go-to-market plan, including account-specific programs, media choices, and the total communications platform, carefully constructed so that the brand plan was fully integrated with consumer behavior, to ensure a positive return on the marketing investment.

6. BRAND ENTHUSIASM. This is the creative execution phase, when we really got down to creating *brand enthusiasm*. Our goal was to break through with a snack brand with multi-generational appeal.

Our communication strategy embraced the “common ground” approach across the complete brand platform with a contemporary, savvy, brand personality and an aggressive, integrated, brand re-launch campaign (*see sidebar*).

Beyond the launch campaign, which was hugely successful, the new brand platform for Asian Sensations presents myriad possibilities for creative marketing communications.

For example, the cross-generational strategy lends itself to guerilla marketing approaches, such as an experiential mobile tour that could roll through common-ground venues like sports events, concerts and malls — places frequented by both moms and teens.

You might have brand ambassadors tooling around in cool vehicles wrapped in campaign graphics, or create special kiosks where Asian Sensations could be sold at amusement parks or other high-traffic venues.

7. R.O.I. ANALYSIS. Ultimately, success must be measured by bottom-line sales: Did it work or not? For Asian Sensations, the strategy to market to the common mindset of boomer moms and teens not only repositioned the brand with both users, but also secured year-one sales that surpassed all expectations.

- Five-fold increase in brand awareness
- 13% increase in dollar sales
- 20% increase in household penetration; 15% increase in buy rate
- Nearly double retail distribution (+86%) with almost 50% ACV compliance in relocating Asian Sensations from the “ethnic” aisle to the “mainstream” snack section

As the Asian Sensations experience proves, gaining a competitive advantage in the women’s market requires nothing less than re-framing, re-thinking and re-imagining your entire business enterprise.

Realizing the full potential of the women’s market requires creating entrepreneurial ideas that spark her emotions, elicit her involvement and make her feel as though she and our brands are connected through a higher purpose...a purpose larger than a sterile financial transaction. For Asian Sensations, that purpose manifested itself within the very relationship moms have with their teenage children, and finding common ground in “youthful self-expression.” Getting at that *emotional truth* raised the brand to a new level of competitive advantage, above the shifting sands of price and product competition by igniting *brand enthusiasm*. ■



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Marlboro Country

A funny thing happened to Marlboro cigarettes when the government said it could no longer use mass media to market its products — its ad spending went down and its profits went up, as reported by Nanette Byrnes in *Business Week* (10/31/05).

“Philip Morris does not disclose how much it spends promoting the brand, but the company says it has been spending less on marketing in general each year.” And yet Marlboro, “now owns more than 40 percent of the market, up more than 2.5 percentage points in as many years,” and its profits are “possibly more than \$200 million a year.”

The heart and lungs of Marlboro’s success appears to be its “growing database of 26 million smokers to whom it sends everything from birthday coupons to the chance to attend events,” such as rock concerts starring the likes of Lenny Kravitz and John Mellencamp.

What Marlboro has built is not so much a brand as it is “an exclusive club for its devotees.” Marlboro lavishes attention — up to and including “special trips to a ranch it owns in Montana, where vacationers are showered with gifts, eat five-course meals, drink for free and enjoy massages, snowmobiling, horseback riding and the like, all on the company tab.”

Not only does this cost Marlboro a heck of a lot less than mass-media advertising, it also builds a kind of loyalty that television, radio and print just can’t buy. “I’d never smoke another brand of cigarettes,” says Michael Thompson, 30, who smokes a pack a day.

Bottom line is, Marlboro’s operating profits are expected to hit 28 percent in 2006 — twice the current operating margin of well-run companies like General Electric and Exxon-Mobil and also well beyond Procter & Gamble’s 19 percent margin in 2005.

Disney Dot-Magic

“Customers almost dictated this to us,” says Paul Gainer, vp of Disney Shopping, explaining why Disney has decided to stop mailing out catalogs and instead rely on the web for sales, as reported by Bob Tedeschi in *The New York Times* (2/20/06). “Once they go online we just don’t see them going back to the phone,” he says.

Paul says he and his “team tested various catalog mailing approaches...to analyze if it should keep the catalog operation running. But no matter the approach, online orders grew much faster than telephone sales, to the point that more than 80 percent of Disney Shopping’s sales now come online.”

He figures he’ll save a bundle of money (like \$18 million) if he doesn’t have to print and mail 30 million catalogs like he did last year. Besides, says Paul, the net effect of last year’s holiday catalog was “a 45 percent drop in phone orders. The number of customers who responded to e-mail and other online marketing messages, meanwhile, skyrocketed.”

Paul predicts that Disney.com will enjoy “consistent double-digit sales growth” as a result of this new online-centric strategy, versus “five percent sales growth in 2005.”

Philips Cinema Silence

Philips Electronics thought it might curry favor with consumers by sponsoring a reprieve from pre-movie commercials, but the medium didn’t like that message, reports Brian Steinberg in *The Wall Street Journal* (3/8/06).

The insight was simply that many people are irritated by commercials that run before a movie starts, and Philips thought it would be cool to give us a little break. The idea was to run “a single 15-second ad publicizing the favor it was doing for the audience.” Created by DDB New York, the text-only ad read: “We could have run a four-minute commercial. Instead, we chose simplicity.”

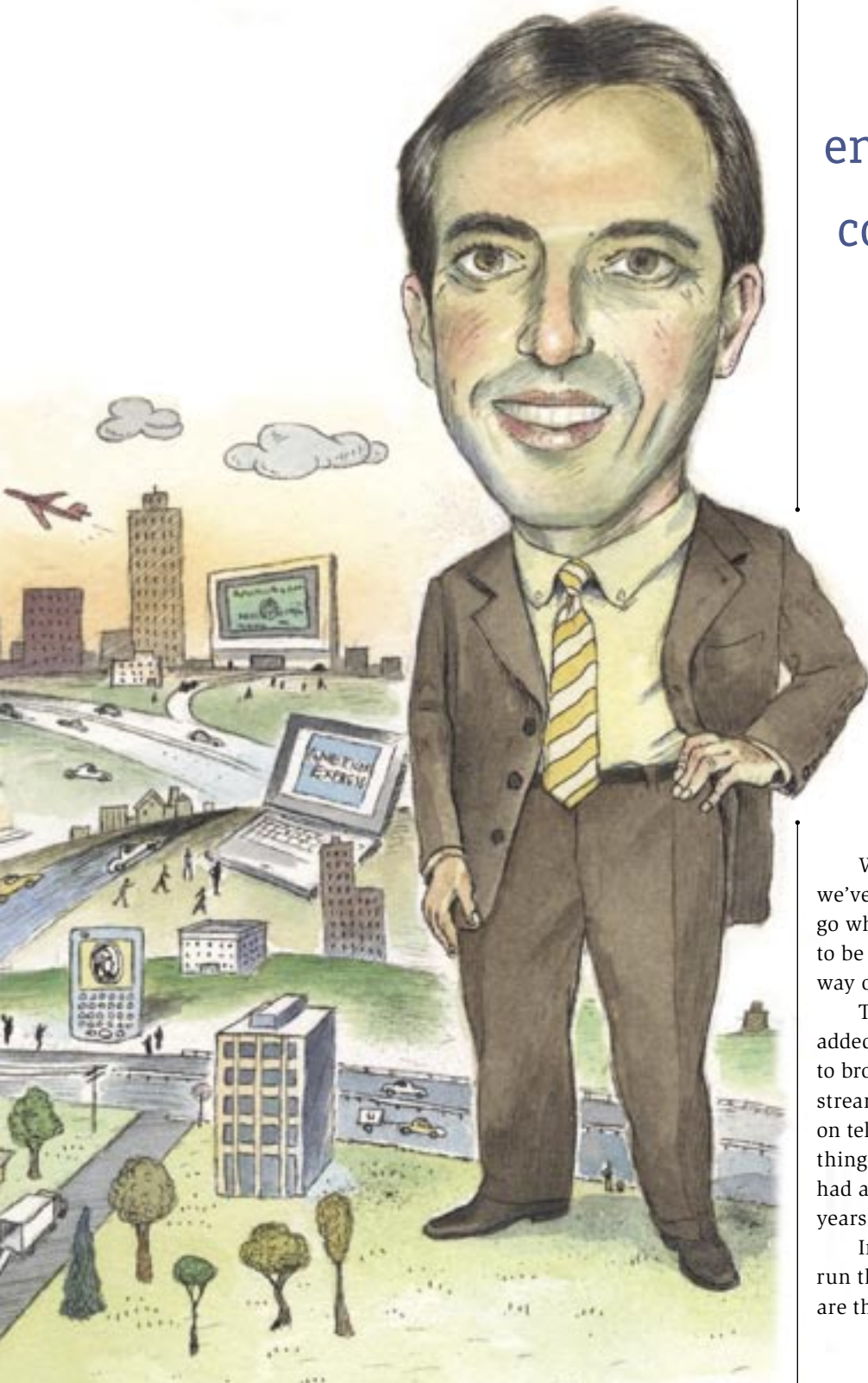
The plan was to test the idea in Minneapolis and Boston, conduct exit interviews with moviegoers, and if the response was positive, roll it out nationwide. Unfortunately,

Screenvision, “the company that sells ad time on the screens of the theaters in question...didn’t like the notion of using a big-screen to poke fun at movie advertising in general.”



And so the idea was killed. DDB cco Lee Garfinkel says he was just trying to deliver “a really big idea, an untraditional way to work in traditional media.” At least his client was understanding: “We are finding that the status quo is a difficult hurdle to leap,” says Eric Plaskonos, director of brand communications for Philips.

The Amex *Context*



American Express engages high-spending consumers with high-technology media. An exclusive chat with Amex global brand media chief, **Jim Hedleston.**

How is your shift away from television evolving?

We're doing a lot of different things from what we've done in the past because we're really trying to go where our affluent consumers are — and that tends to be in new technologies that involve more in the way of opt-in messaging.

There are just many more different channels added to the mix now — everything from podcasting to broadband, mobile phone media, text messages and streaming video, for example. If we just ran our spots on television, it would be a big mistake. That's the thing that's changed for us in the last ten years. We had a much bigger part of our budget in television ten years ago because there were fewer choices.

In addition, although affluent consumers tend to run the gamut in age, they act very similarly, and they are the early adopters of many of these newer media.

“We have to find the intersection of what our customers are doing and the messages we’re trying to deliver to them.”



That’s why we are playing in a lot of new-media spaces. Affluent consumers are busy, they are time-shifting, and they are causing the general slide in a lot of the traditional media.

But television is still alive and well in American Express media plans. If you look at the number of people who are watching TV, it’s greater this year than it was last year. There are some things that TV does better than anything else. You’ve got to try to intersect with that and then find other media to find people when they’re in another mode.

Which new media are you especially excited about?

User-generated content is really interesting. We’ve just started to get involved in it, and we are seeing some great results around it. For example, the work we’ve done with the Tribeca Film Festival—the 15-second short films consumers created were so intricate and well-thought out. People obviously took a lot of time putting them together.

It was really amazing and a lot of fun to go through. It really makes my job entertaining. People say to me—*what were you doing this afternoon?* And I’ll say—*well, I was going through these video clips on my desk and somebody was paying me to do it!* It’s a lot of fun.

American Express has shown up on YouTube quite a bit lately.

Yes, we’ve used YouTube quite a bit in the last six months. We did a “director’s series” around our Tribeca Film Festival sponsorship, where we did an artist-in-residency partnership with directors M. Night Shyamalan and Wes Anderson. Through those partnerships, we created some long-form content.

We used YouTube to broadcast that content, and actually got some really good viral impressions as a result. We also received some good distribution among a very different group of people who were just looking at YouTube for some interesting new video content. When you can provide something that’s not just a 30-second ad, it’s pretty easy to get some exposure on it.

How does a tactic like that fit within your overall media strategy?

It’s actually a really good example of how media can work together. We’ve bought the Academy Awards for more than 10 years, and typically, we run four different 30-second spots. But we looked at our partnership with M. Night as a different way of getting our message out, and we ran one, two-minute spot on the Academy Awards rather than four, 30-second spots.

We followed up the next week with a podcasting partnership with ABC that resulted in some broad exposure. We got additional impressions on YouTube, did some streaming on cellphones and created a partnership with Apple and iTunes where we actually offered a subscription featuring several different variations on the M. Night spot. That included a behind-the-scenes spot, a separate interview, as well as the long-form creative.

That’s a good way of looking at how TV can fit into the mix. It was a great launch spot and it fit well, contextually, with the Academy Awards show itself. But we followed up immediately with a whole bunch of other channels so that people could sample the creative on their own terms and timing. It’s the only way you can speak to people now and get noticed.

Do marketers need a new definition of “television”?

That’s really the key to it. People have classified this channel as “television” but that’s really a red herring. It’s not that the channel is dying; it’s that it has taken a number of different forms. We are now referring to our “television creative” as “rolling video stock.”

“Rolling video stock” can be used in a lot of places—in cinema, on broadband, phones and in podcasting. We do use it on commercial television, but on our flowcharts that channel is now referred to as “commercial television.” It’s still a great place to run spots that reach a lot of people; it just provides a different level of engagement.

How have you used blogs as a medium?

We haven't directly created our own blog, but we've been picked up quite a bit. The M. Night spot was picked up on a number of blog sites, for example. The user-generated content play around the Tribeca Film Festival is another example. We had a lot of those 15-second short films that were created by consumers end up on blogs all over the internet.

Another good example is the "Questions" print-ad campaign. We basically have an Annie Leibovitz photo of a celebrity, and on the opposite page, or below, we list a series of questions that consumers fill out in their own handwriting. We've gotten a lot of blog play out of that—people building their own "My Life/My Card" spots, and answering their own questions. They're happy to put them up on their own sites, and they tend to be happy to send them to us, as well.

Are consumers themselves now a medium?

I wouldn't say they are a "medium," but I would say that they are a "news-reporting channel." Self-reported news has become a very big part of how people receive information nowadays. What some people call "buzz marketing," we call "PR." We look at that as part of every media plan we do.

For the M. Night piece, we created a video news release, which is standard operating procedure for us. We filmed the making of the commercial, and then pushed that out there through unpaid channels. It ended up all over the place, including YouTube.

Will Amex's stake in celebrities change in a world where everyday bloggers are celebrities?

There's a great "stopping power" with celebrities that you don't get with just having an "average Joe" in your ad. We also try to have a much deeper partnership with the celebrities, and that helps us get our messages out. For example, M. Night wanted to do something different, and he brought in his cast and crew that he uses for his movies, and produced his spot just like he produces a movie.

The celebrity element is a dimension of our products; it's part of our brand heritage. These are the folks who carry our card, and that imagery is very important to our brand. People want to be in the same "club" as these celebrities, and the best way to show that is to show the celebrities in some interesting situations. We also try to add some engagement and interactivity into the mix through our media plans and marketing.

Are the cards themselves a medium?

There probably are some good examples of that within product placement and movies. But we don't pay for that and we get a fair amount of product placement because of what putting an American Express card in somebody's hand says about them. You don't need much dialogue to explain what that means.

But aren't your "niche" cards effectively media since they target specific consumer segments?

That's really just a part of trying to get into the conversations that consumers are already having, and giving them something that is contextually relevant at a point when they really want to interact with us. So, if you have a product like our "The Knot" card that's about getting married, it's pretty easy to figure out where you can intersect with a person who is trying to seek that information out. The products can help in that sense, and complete the circle.

Our "In:NYC," "In:LA" and "In:Chicago" cards are another great example where we have a group of consumers we've identified, and we start giving them what they want. In this case it's a slightly younger, "thirtysomething" consumer. Whether it's a pre-screening of a movie, concerts, a special shopping night—those are the kinds of offerings that are going to attract those consumers and provide them with an impactful experience that they'll remember.

Do demographics matter as much as they used to?

If you're using demographics as a broad term—like "adults 25-54"—we really don't target that way. We do target demographically, but we're looking at a much more affluent group of folks—a mass-affluent audience.

There is the notion of demographics involved; it's just that we're looking at different measures now. We are looking at where they are shopping, where they are living, and where consumers are getting their information. Those are the kinds of questions we're asking, as opposed to just how old they are or whether they are a man or a woman. It's more of a behavioral focus, but it's still demographics.

Are media issues appreciably different in the U.S. versus elsewhere around the world?

Every market is different. The U.S. is fairly advanced. In Japan, cell phones are in a whole different world and we interact with them differently there, but

the consumer taking control of messages — the consumer control of media — is everywhere. It's developed to varying degrees depending on the technology of the marketplace.

Germany still has more control on television, so television just has a lot more traction there; they don't have the proliferation of channels the way we do here, with the TiVos and the time-shifting at this point. But it'll get there. It's only a matter of time.

What's the potential of cell phones as media?

We've had some really good experiences, both in the U.S. and internationally, with cell phones. The key is to give people what they want, and not treat it as a mass medium. You need to let it be an opt-in channel; let them find you and opt-in. It can really work well when you use it that way.

Every year we do a "wish list," which is a series of offers to card members. The big one is around the holidays. Two years ago we did a big "wish list" promotion that got a lot of press — we sold BMW Roadsters for \$5,000 to our card members. But now text alerts is a standard practice, and people opt-in for the items that they want. It's a great way for them to be text-alerted in the morning — *hey, don't forget, you can bid for the Roadster at 2:00.*

To keep the channel alive, we have to treat our customers with an incredible amount of respect so that they are ensured that we're not sending them spam. We don't send out anything without a double opt-in. So, when somebody signs up, we send a message back that says — *are you sure?* That ensures that somebody didn't just grab someone's phone and sign up as a prank.

We also include a standard "opt-out" link with every message we send, so our customers have a very easy way to opt-out immediately. The most important thing is getting them what they want. And when they say — *hey, I've had enough* — backing off.

Where does search-engine media fit in?

Search engine media optimization is a part of all of our media buys — I don't think there is any media buy we make that doesn't include it. Every buy includes some form of it — in some cases, there's much bigger involvement in search engine optimization than others. Previously, it was an afterthought and now it's something that we generate from the beginning of the campaign all the way through to the point where we hit market.



"If we just ran our spots on television, it would be a big mistake."

Whenever we create unique content, we need to try to find ways to intersect with our consumers' interests and passions. Search engine optimization is extremely important for that kind of opt-in messaging. We want people who see it and opt-in to have a deeper experience with us. I see that as an area that will get bigger over time.

There are a lot more players in that space now, and it's going to become a lot more interesting as we find different ways that our marketing messages can intersect with people's current passions, desires and the way that they consume media.

How has retail evolved as a medium for American Express?

We use retail quite a bit. At least five years ago, we offered reward-points at grocery stores. Place-based media is the perfect intersection of that message, to remind people — *hey, you can get air-mile points while you're shopping for milk.*

Like TV, I wouldn't say that we have to be all over retail-media all of the time. Again, we have to find the intersection of what our customers are doing and the messages we're trying to deliver to them.

How about creating your own retail media?

We tend to do that around events. At the U.S. Open, for instance — instead of just doing a partnership with signage, we are taking over the Open's information booths and staffing them with American Express representatives. We'll answer any questions attendees may have about the Open, but also tell them about some great places to eat, and give them special offers if they are American Express card members.

So, you can fit into the sponsorship and the environment in a way that really adds value to the experi-

ence for the consumer. It pays dividends in a big way. Another extension of that place-based media is that we took the U.S. Open into Rockefeller Center. We created an area where people could sit, we had food just like they'd have at the Open, and we had a screen where they could watch the matches.

How do you gauge the effectiveness of these new media?

I don't see it as being any more difficult to link this new media to card sales than it was with the old media. There are just new metrics. We try to look at correlations—econometric modeling, for instance, and other ways to try to link the two together. But you do have to look to a greater degree at “engagement” metrics, instead of just traditional reach/frequency.

For example, we're using companies like BuzzMetrics that measure internet chat and blog content about our products or an event that we've recently done. BuzzMetrics basically scrapes every blog where people are generating their own content on a daily basis. We can query their database on certain phrases or words, and they dig into exactly what was said, whether it was positive, and how our message compares with other competitors' messages. It just provides a much deeper dive into what people are thinking and doing.

We also use IAG Research, which tells us more about brand breakthrough, recall and the likeability of our spots. IAG also allows us to start to look at how individual creative breaks through differently in different environments—if we're in a drama versus a comedy versus a sporting event, for example.

So, we are looking at different measures to get at the same point that we were trying to get to ten years ago—which is how many people are really noticing our product and how top-of-mind we are.

Are most agencies showing enough leadership where media choices are concerned?

We're seeing a lot of leadership from our agencies. We work with a team of agencies who work in collaboration to drive our messaging and negotiate incredible deals to make sure we are in the right places. Each agency brings different sets of expertise to the table—whether it is media buying, creative, talent or deal negotiations, or building events and experiences for customers. Sure, there is a lot of bad advertising out there, but there's a lot of really good advertising coming out of agencies, too. I'd say that ours is some of it.

How would you describe your brand essence?

American Express strives to support the attributes of trust and integrity, security, quality and innovation and premium positioning and customer commitment. Our brand essence speaks to affluent, high-spending consumers who want to live their lives on their own terms, and who want to do things their own way.

That's played out in what people say about our brand. We have a very high association with affluence and high spending. When you throw an American Express card on the table after dinner, it means something different.

The biggest thing that distinguishes us is that we're very much a brand of relationships. We make a big connection with our card members and the places they are likely to use their cards. It's the service we provide—the way that we provide the service—and how that creates a deeper bond.

No matter what the product is, our customers are attracted to us, and we reward them for using our products—whether it be through insurance, rewards points, or early access to a Rolling Stones concert. Hopefully, they'll tell their friends and we'll continue to attract more of these high-spending card members.

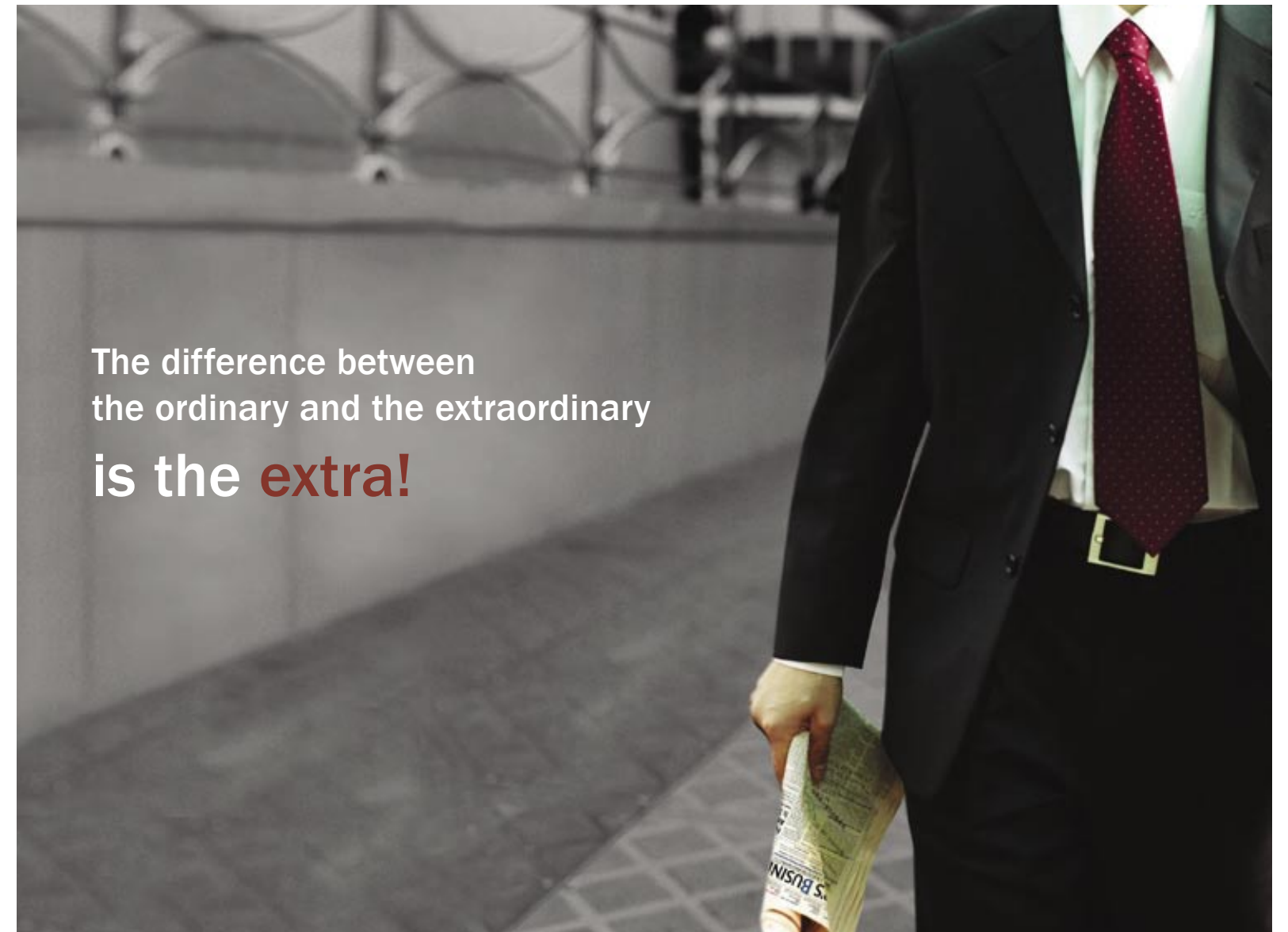
How does that play out in your media choices?

It's all about paying attention to what our members are doing, and making sure that when we are delivering our message, it is in a contextually relevant manner, so that we are adding to the value of the conversation, as opposed to just being another reason to tune out.

It's about paying attention to what people want, and fitting into that equation, as opposed to just pushing messages out there. You have to get into that intersection of what they're looking for, and provide them with something that adds value for them, or you're just not going to get noticed. ■



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Nike *Does It*

BY TERRY SCANNELL

What more can be said about Nike? It's a *Fortune 500* company that need only show its logo at the end of a commercial to have it all make sense — even if the commercial seems to have nothing at all to do with the company's main product, running shoes.

Nike's brand power is fueled in part by spending \$1.6 billion on advertising and marketing, or what Nike calls "demand creation," as it did in 2005 — a 16 percent increase in Nike's spending over 2004.

That kind of increase has occurred more or less every year at Nike, regardless of the prevailing view or fad-of-the-moment in marketing. So, marketers should take note as Nike takes another large step into the world of networked digital-media.

Nike has always been in the forefront of brand marketing. It was the first company to use athlete shoe-endorsement contracts. Its slogan "Just Do It" is part of popular culture. Its quirky, post-modern ads such as "Bo Knows," are marketing and advertising lore.

One of the company's many innovations was the opening of its own retail stores, dubbed Nike Town. Like Apple, Nike opened these stores despite their potential to alienate its existing retail channels. Also like Apple, these stores initially were designed to be a brand "show case," and not even necessarily to make money.

The first store, which opened in Portland, Oregon in 1990, was followed by a store in Chicago in 1992. Eventually, 14 Nike Town stores were constructed

with 12 in the United States and two overseas. These stores have since provided a blueprint of best practices in the development and implementation of in-store media networks.

Before installing an in-store media network, have a content strategy. When the Nike Town stores were originally built, they were jammed with what was then the state-of-the art in in-store media. The original media were used to connect shoppers to the Nike brand at both an intellectual and emotional level. Nike was able to draw on its deep, content resources to feed the media into the stores, while maintaining a quarterly update schedule.

When deploying technology into retail stores, be sure to control what it is and document where it is. To the extent possible, make sure that you have a standard and stick to it. For Nike Town, as the stores began to age, operational challenges surfaced. Some

stores used digital projectors, some used CD-ROMs and still others used laser disks to play the media that was sent each quarter from corporate.

It became increasingly difficult to track and manage these varying formats as well as the quarterly updates.

Nike Town's challenges, coupled with the internet explosion, led a Nike AV technician, Tim Canfield, to wonder whether there might be a better way. Working together with Nike veteran, Pat Hellburg,

Canfield started to explore the possibility of using a digital-network system to deploy all of Nike's in-store media.

By this time, Nike had also developed and deployed its Factory Stores, which also used in-store media. In 2002, Canfield conducted a "bake-off" of more than 20 companies that had (or claimed to have) software or a system that could support Nike's in-store media needs. Eventually, Nike settled on Coolsigns, Inc., which was at that time a privately held, venture-funded software company.

The past,
present — and
possible future —
of Nike Town's
in-store media
network.

It's critical to have "C-level" support. It also helps if your CEO is the founder of the company and is not afraid to pull the trigger on a multi-million dollar investment in what was then untested technology. When Nike's founder, Phil Knight, was asked about the digital-network project, he reportedly asked, "What is the incremental cost of playing that media to all the people that come in our stores?" When he was told that the incremental cost was relatively modest, it's said that he blessed the project.

Every network needs a business plan that the stakeholders understand and support. This is true even for networks not based on selling ads. To some degree, one of the issues that has shadowed the Nike network has been the question of which P&L within the company would get hit with its expenses—Brand Marketing or Retail. This led to some jockeying within the company over who "owns" the network.

Be prepared for the long-haul. Lou Giacalone, the founder of Coolsigns, says that it took well over a year to sell the system into Nike. He recalls that the major driver that led to the system's adoption in Nike were, "the disparate media the company was using in the stores and the need to pull it all together." The network also allowed Nike to change its retail messages when it needed to—not on a schedule as it had done previously.

In June, 2003, a three-year contract was signed between Nike and Downstream, a post-production company where Tim Canfield was now president. Coolsigns provided the software used to drive the network. Initially, Downstream acted as a general contractor and provided the entire suite of services to the Nike Network. This included connectivity, content creation, installation and operations.

An in-store network should be treated as just another marketing channel. Treat in-store just like the internet or television. Have resources under your own roof to ensure that internal content is "mined" and repurposed and its messaging coordinated with all marketing outlets.

At Nike, a full-time "producer" was assigned to work at Nike and was given access to Nike's marketing content. This was done to ensure that the messages going out on the network were in harmony with, and reinforced, the messages being sent through Nike's more traditional channels.

No single supplier can "just do it" all. It takes a well-functioning team. By late 2004, Nike's network had grown to approximately 185 locations, including

Nike Towns, Nike Factory Stores and Dick's Sporting Goods, where Nike had helped install a shoe wall that incorporated its network.

However, as the network became more visible and more important within Nike, the role of Downstream was scaled back. The most significant change was that "creative control" of the content shifted from Downstream back to the Nike campus. Nike also started to expand its in-house capabilities in terms of design and content creation.

In the spring of 2006, Nike quietly let it be known that it was putting the network account up for review. John Mastrangeli of Symon Communications, reportedly the winner of the review, says Symon has "approached the digital-sign marketplace from the perspective of a technology company as opposed to a creative company."

Symon uses its "TargetVision" system, a dedicated IP-based client-server architecture with robust scheduling and content creation software. The system uses embedded Windows-XP dedicated players in the stores.

Brand enhancement can be as important as sales. Nike's Pat Hellburg says that Nike plans to "expand the network where it makes sense to do so and where it will work." He also said that while "sales uplift is part of the plan" for the network that the main focus of it is "brand enhancement."

As Nike moves forward with its network, it may well be that the company will expand it into Asia, where it has thousands of stores and is experiencing its fastest growth. This growth is somewhat complicated, however, because most stores in Asia are operated by Nike licensees and are sometimes limited by government restrictions in mainland China. In addition, there are some reports that Nike's network may also be turned inward to help Nike communicate with its 27,000 employees.

Whatever the future of marketing or networked digital signs and interactive systems, Nike certainly has been a leader and a source of best practices in today's rapidly emerging new-media landscape. ■



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Economics OF *Imagery*

*What is the impact
of brand image
on marketing R.O.I.?*

Is it possible to quantify the value of a brand's image, and if so, how?

Jeff Glueck: Yes, absolutely. At Travelocity, we track for brand metrics through monthly surveys. We then take those brand metrics and feed them into our econometric models and we can determine the value of our improving perception among consumers in terms of sales impact. That impact has been significant.

In the first quarter of 2004—when we introduced a new site design, logo, mascot and brand language—we saw an immediate improvement. Some metrics jumped 20 percent in short order. We went on to record eight consecutive quarters of more than 25 percent revenue growth. The new brand language wasn't the only thing we did differently, but it was a key part of the solution.

Allen Olivo: You can, but it depends on creating a set of what I

like to call “converging validities” that start to tease out the value of that imagery relative to other competitors, as well as to other ways of portraying the brand. One way to do that is to compare photography versus illustration.

At Yahoo, from a strategic standpoint, we're making a decision that “reality” is very important to our overall brand positioning. My philosophy on building a brand is that you build it from the outside in; you come from the consumer point-of-view, and at Yahoo it's about what people can do with Yahoo. Therefore, we choose photography versus illustrations.

Being able to get at the results of that, through data, is very possible from a quantitative standpoint. We know that when we use very powerful images of real people, we move the needle. When we shift marketing strategies and move away from that kind of brand imagery, we know that the brand can suffer.

Ed Faruolo: It can be done—but I don't think anybody has really done it yet. You would need to

start by looking at the core message you're trying to achieve and then testing the various types of images that might be able to get that message across. Then you would look at a) whether those images are communicating more of what you want to communicate and b) whether they are getting higher intrusiveness scores. Those two measures, taken together, could determine the economic value of the images that you're testing.

David Norris: The measure that's most important is consistency. Part of the expense of building a brand is trying to create an association for a consumer with a brand. That consistency can be measured in a number of ways—based on the lighting, the cropping, the focus, and so on.

Quantifying that visual impact generally is done by lining up all the images that are used over a period of time and evaluating the consistency of those images. Awareness studies can be another good way to quantify an image's effectiveness.

A ROUNDTABLE FEATURING

Jeff Glueck
Travelocity

Ed Faruolo
CIGNA

Allen Olivo
Yahoo!

David Norris
OnRequest
Images

What are the keys to ensuring that a brand's image helps deliver a positive R.O.I.?

Glueck: First, we brought in a new director of design at Travelocity who elevated our design language across the board. We also brought in a consultant, Desgrippes Gobé and Associates, that helped design our new logo and our overall look-and-feel.

Second, we did lots of user testing. Our theory was that our old homepage looked like a Turkish Bazaar; it made people feel like they were being screamed at from every corner. So, in the new homepage design, we eliminated two-thirds of the links and created calming, organized color blocks. We knew we succeeded when we got consumer feedback that said—*as soon as I get to your homepage I already feel like I'm on vacation.*

We also did some quantitative testing; not only did our new homepage test 60 percent better in preferences than our old homepage, it beat competitors by a similar percentage. Third, we simply kept watching our business results and our brand metrics to see whether it was getting better.

Olivo: Be true to your brand product, understand your customer, and make it authentic and real. Those are the three pieces that I would say Yahoo looks at. Do I believe the person? Do I believe this portrayal? Is it true to the brand product? If you can say “yes” to those things, then you should have a positive R.O.I.

Faruolo: Your internal discipline is most important. At CIGNA, I'd create an oral report card on how our spending generated impact not only in terms of awareness, but

also the desire among consumers to do business with us. I had research that compared consumers who were familiar with how CIGNA was communicating its brand and those who were not. The differences were startling, absolutely startling; it underscored that we had to entice people more visually than with words, and make more of an emotional connection.

When I was able to show some numbers that really proved my point, I won the management support I needed. So, it's a matter of understanding your company's culture, and then figuring out which metrics are going to impress your business leaders.

Norris: The R.O.I. is all about looking at the cost that you put forth for a set of imagery and how that then contributes to a positive increase in

We knew we succeeded when we got consumer feedback that said— as soon as I get to your homepage I already feel like I'm on vacation.

JEFF GLUECK, TRAVELOCITY

your brand equity. In our experience, this has to be done over a period of time—12-18 months is probably the right minimum time frame. Obviously, measuring over a longer period of time has more value because you can average the results.

So, the keys to ensuring that your brand imagery does deliver a positive R.O.I. are identifying the things that you want to measure, and then making sure to track those factors over that period of time. The biggest problem sometimes is when marketers start measuring something and then they change what they're measuring. As a result, they really don't have any benchmark to compare against.

What is the role of technology in ensuring that a brand's image builds its equity?

Glueck: At Travelocity, we have set up a centralized content management system that our far-flung offices can use. It's a very inexpensive, open-source system that we've implemented. We route all multimedia and imagery requests through one team that adheres very strictly to the brand's guidelines.

Ultimately, it's about educating people about what the brand stands for and having better processes, and not just better technology. When we first set the visual multimedia guidelines, I was worried they were so high that we would not be able to sustain them, but our team has risen to the occasion. Every

day I see new imagery and I just get goosebumps because they've stuck to the brand manifesto.

Olivo: We start with a set of brand guidelines—all of the rules and regulations for the brand. We also have a full library that's shared worldwide that includes best practices both from the past as well as currently. That way, anybody from Yahoo can look at our campaigns, find practices that were successful, and that could be localized to their own markets.

Because we are global, we rely heavily on central sites to let everyone participate in the strategic briefing, the creative process, and so forth. So, when we have a weekly

conference call with Europe and Asia—all the marketing managers around the world and their ad agencies—everyone is accessing the same data. Technology is critical to how we build our campaigns.

Faruolo: The role of technology is to keep people from doing stupid things! And I mean that seriously. Before CIGNA had a digital asset management tool, you basically had to go around knocking on doors and try to explain what was going on to people. You need to have imagery that's online so that it's easier to access, so that the rules are easier to access, and so that people just have to fill in the blanks and follow along.

If you have a great program and great imagery technology, it will spread throughout your organization. Before you know it, you will find that there's cooperation

across the company. So each division does its own thing, and the result is brand dilution. In addition, often there's no financial plan that allows for a centralized purchase of a solution to solve the enterprise-level problem.

Is it possible to use stock imagery to fully express a brand image?

Glueck: Yes. Travelocity primarily uses stock photography, which has gotten much better in recent years—the libraries are much more extensive, and there's much more ethnic diversity, which is another goal of ours. We re-touch them, we re-crop them, and we look for very high resolution and bright colors. Your photo-editing team has to be top-notch.

All of those things are best found—and truest to your brand—when you can control the situation and you can create the image. So, my preference has always been to use original photography, but stock photography, used appropriately in the mix, can be part of the overall effectiveness of what you're trying to accomplish.

Faruolo: It's doable, but it's very tough. It's a similar question to your technology one, in a way, because if you know, up front, the type of imagery you're looking for, and have standards related to the power of that image, you certainly can get it from stock.

However, that's more the exception than the rule. Typically, stock is used just to fill in the blanks. You also have bigger challenges in making sure that if you're going to utilize stock, that you have a certain, consistent style. That could be as simple as the way you tint your images. As long as it's truly supporting what your brand is all about and it's establishing a communication that people want to look at it and remember it, then it's doing its job.

Norris: There are two sides to this question and I will use the term “used imagery,” because stock is really just that. Your decision about “used imagery” has two sides. First, do you want to use an image that other people have used? How does that affect your brand?

Secondly, how likely is it that an image that was created in a generic way and not for a specific brand will have the look and feel that is perfect for your brand? Is it possible? Yes. But it's very difficult to find a set of stock imagery that fits your brand and is not so “used” that you don't mind using it. Those are the two things that marketers have to consider.

Apple works very, very hard to get at the most essential thing to communicate and then gets rid of everything else.

ALLEN OLIVO, YAHOO!

in areas where you never had it before. By the same token, if your imagery is trite and doesn't stand out, the technology can make you look not-so-good too.

Norris: Digital asset management is very important. Many marketers want to have tight brand control. But in a large corporation, if you don't have a way to centralize and manage and share the images that you want the people throughout your company to use, it's extraordinarily difficult to improve your brand equity.

The challenge is, some companies don't have a centralized organizational structure that is conducive to managing imagery

Sometimes we'll obtain images from our partners and apply photo-editing to adapt them so that they fit our brand standards. I wouldn't use a stock photo if you have a single image that's going to be your brand signature. But if you need a constantly changing set of images that fits your brand language, it's entirely possible.

Olivo: I believe stock photography can be effectively used, but my preference is always to use original photography, because that's really what helps define and style the brand in ways that no one else can. Yahoo always wants to be coming from a point-of-view that's real, authentic, original, unique and human.

Which brands do the best job of building their equity through imagery and why?

Glueck: I'm a big fan of Tiffany's in the way they have used Truman Capote-era, classic images — black-and-white photography mixed with their Robin's-egg blue color, which has to be (other than Coca-Cola red) the most recognizable brand color in the world. It's testimony to them that you can give someone almost anything from Tiffany's in that blue box, and they'll just love opening it.

I'm a big fan, in the same vein, of RedEnvelope, because people love opening that waxy, red box with the big ribbons. I'm also a fan of *The New Yorker* magazine. What a unique typeface they run — and their cartoon format, which is virtually unchanged for 40 years. It's just instantaneously recognizable; you know it's a *New Yorker* cartoon when you see it.

Olivo: IBM comes to mind. They've created a very unique look-and-feel over the last ten years. They've got those blue bars. They've created a unique "letter-box" format. The style in which they shoot, the sense of humor with which they portray things, are unique to them. You can look at an IBM ad and know right away that it's an IBM ad.

Having run marketing communications at Apple, I can tell you that it's a matter of learning what to take away versus learning what to add. Apple works very, very hard to get at the most essential thing to communicate and then gets rid of everything else.

That's also very much the strategy that we're trying to convey at Yahoo. It's not what the internet can do; it's not what Yahoo

can do. It's what *you* can do with Yahoo. So, we have to be coming at it from a customer point-of-view because that's what is creating the Yahoo experience.

Faruolo: In the financial services category, Fidelity has stood up pretty well over the past year or two. They've effectively used a combination of a "slice of life," which is pretty strong. When we did a study at CIGNA a number of years ago, the strongest imagery was the Prudential rock, the Allstate hands and the Travelers' umbrella.

I worked on the Travelers for about five years, and at the time, the Travelers' umbrella was just about as powerful as the Allstate hands. The thing was, in those days, Allstate was spending somewhere between \$100 million and \$150 million a year on their program, while Travelers, in a good year, was spending only \$20 million. So, Travelers was being outspent at least five-to-one, and yet they were getting the same kind of brand recognition.

Norris: One of my favorites is the "Got Milk" campaign. They have done an incredible job of being very consistent in the imagery that they use across all media. They do TV, they do print, and they do direct — but they do it all in a very consistent way and they've won tons of awards for it. It's one of the most successful brand-building campaigns ever.

American Express has done a phenomenal job of building their brand. They have defined a unique and identifiable look and feel and they've stuck with it very consistently. On the flipside, I think Hewlett Packard has done an incredibly bad job of managing the look and feel of their brand. There's so little consistency across



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DAVID NORRIS is chairman and ceo of **OnRequest Images**, a leading provider of custom photography that leverages technology to automate the production of custom photography.

the imagery that if you line up all of their marketing materials in a room and you ask people which company it is, they think that they are all different companies.

We actually came up with a methodology called "image score," where we can perform an assessment of a brand's existing imagery in three main areas. We evaluate image quality; how "on brand" the imagery is; and corporate compliance. It's a very powerful diagnostic for companies that are trying to get a handle on how they're doing and how their imagery is affecting their brand. ■

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Gus Priemer was *Right!*

BY SPENCER HAPOIENU

Gus Priemer was responsible for advertising and media placement at SC Johnson & Co. in the '70s. His understanding of the way media and advertising worked was way ahead of its time.

As so often happens to those who travel a different path, Gus was considered to be a weirdo by his media peers, the brand groups, marketing departments, the cleaning staff and certainly the SC Johnson agencies.

Gus's presentations approximated an advanced placement math course. He had many theories about advertising but his main premise went like this: Based on the number of households who bought most packaged-goods brands, it was likely that only three-percent or four-percent of the households who bought Glade or Johnson's Wax (his brands) were in the audience of the television shows that were purchasing for advertising.

Why then, Gus challenged, was buying advertising time on television a good idea?

To Gus's way of thinking, if we took the money spent on producing the advertising, together with the cost of the time on network television, local television and the cost of space in general interest magazines, we could personally visit the home of every Glade user and provide a customized offer to buy Glade forever, (customer "lifetime value" in its earliest form).

Gus also figured there would be enough money left over to distribute free samples in public places to create new users.

Obviously, Gus was right.

Concealed deep in their guts, most marketers, retailers and advertising people do not believe in the 20/80 rule, (20 percent of the brand's or business' customers produce 80 percent of the volume or profit). Gus knew the 20/80 rule was one of the simple truths about business. For example, knowing that Glade users at that time were smokers, Gus wanted to advertise in matchbooks—they had a much better CPM than prime time television.

Now, the dirty little secret is out and the decrepitude of mass

text messages about toilet tissue?

The problem with all of the recalibration of where to spend the marketing budget is that there's no "book" on what else works. The dirty little secret covered up the disingenuousness of reach and frequency, impressions and cost-per-thousands that ricocheted billions of dollars back-and-forth between the agencies and the networks.

While we now can say many of those billions went down the drain, the marketing industry seems at a loss to know how to proceed. Advertisers and their agencies often overlook the only person who knows what works—the customer.

If Gus were around today, he'd have transactional and behavioral data from every retailer where

SC Johnson has distribution. He'd know who his consumers are, where they shop, what they buy and how often. He'd be using every targeted media and marketing approach to reward and thank his current customers and stimulate increased purchases.

He'd know what his penetration of customers is in every zip code and carrier route and which prospects to market to. He'd be emailing, direct mailing and locally marketing and promoting to each consumer segment in his franchise.

Gus Priemer would *be* Mr. One-to-One. He wouldn't just be talking about it. ■

Gus Priemer of SC Johnson envisioned the future of targeted media more than 30 years ago.

marketing has never been so legitimized. As recently as the August 6, 2006 edition of *Advertising Age*, news of two research studies further proved Gus's theories. The first study, from McKinsey, said that viewing in prime time declined by 50 percent during the last decade, (while costs rose significantly).

The second study involved 36 of the nation's top advertisers and concluded that 37 percent of all advertising is wasted. The PowerPoint chart looks like this: $A+B = -37$ percent. Some may think this is startling; it isn't. The startling part is that *only* 37 percent is wasted.

As we all know, television and other mass-media budgets are being cut such that advertising bagmen are roaming the internet and searching out guerrilla-marketing hideouts. There's so much money chasing new media that Wall Street has become apoplectic about text messaging. Do we really want



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Ohio turns teens into anti-smoking activists with an integrated, grassroots marketing campaign.

Ashes

BY BRIAN NEWBERRY

A July, 2006, report by the U.S. Centers for Disease Control and Prevention contained disturbing news: After several years of steady improvement, the rate of teen smoking in the United States stopped declining between 2003 and 2005.

But at least one state, Ohio, has bucked the national trend and reduced teen smoking significantly in the past four years. The reason: A program that combines advertising, grassroots marketing, community outreach, public relations and the web to turn teens into empowered anti-smoking activists.

When we began working with the Ohio Tobacco Prevention Foundation (OTPF) in 2001, Ohio ranked fourth in adult tobacco use in the United States. Statistics for kids were even worse—the smoking rate for Ohio kids in grades six through eight was 68 percent above the national average, and smoking by Ohio high school students was 12 percent above the national rate.

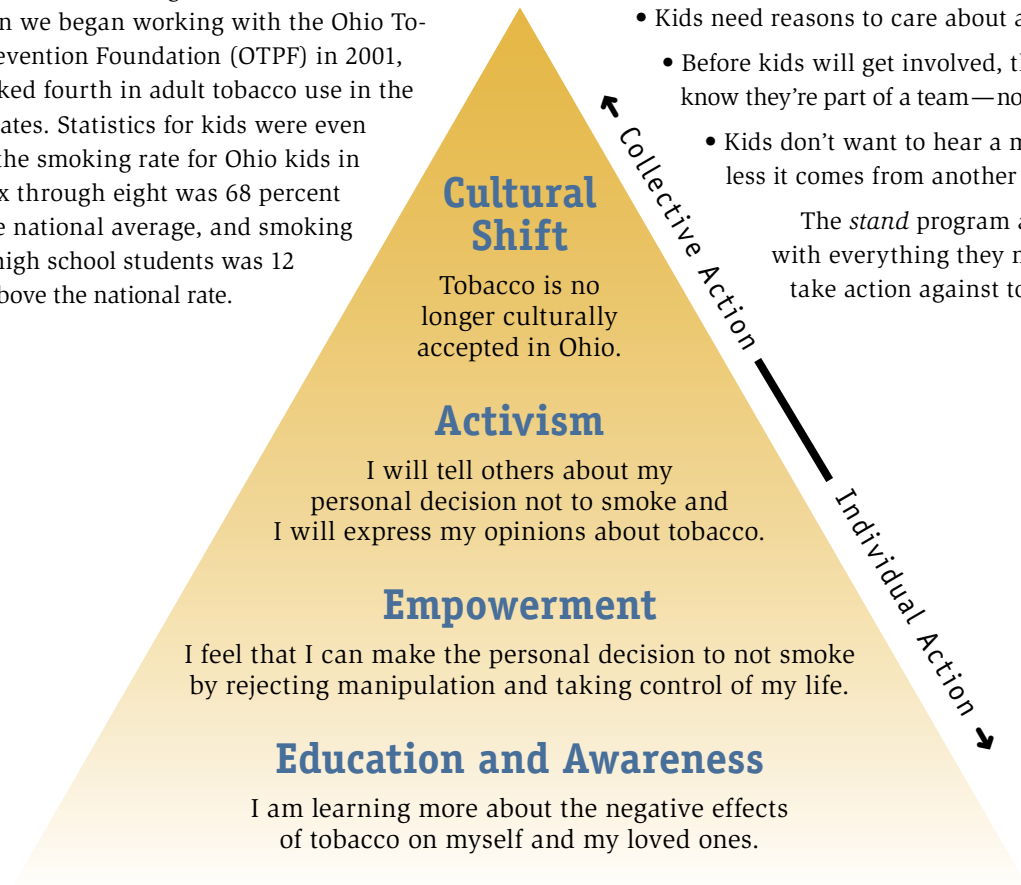
How could a marketing program inspire kids—a group known for total cynicism about marketing—to change not only their attitudes, but also their behavior? And how could we do it with a modest, four-year budget of \$50 million—when tobacco companies would spend about \$1.7 billion promoting their products in Ohio during the same period?

OTPF needed a *counter-marketing* program with strategies and tactics designed to change attitudes and behavior as well as offset Big Tobacco’s messages.

Research revealed important insights that are the bedrock of the campaign and brand we call *stand*:

- Smoking is a “marked” behavior; therefore, *not* smoking needs to be marked—or *badged*—to make it a part of one’s identity.
- Kids are interested in protecting others.
- Kids need reasons to care about a cause.
- Before kids will get involved, they need to know they’re part of a team—not in it alone.
- Kids don’t want to hear a message unless it comes from another kid.

The *stand* program armed kids with everything they needed to take action against tobacco use.



to Ashes

The beauty of the program—and a reason it's been more successful than others—is that we put kids in the driver's seat and constantly developed new ways to keep them there.

OTPF launched the *stand* message in 2002 through advertising via kid-calibrated cable TV and print and in postings wherever kids gather. In one disruptive, disturbing spot, a mother inhales tobacco and her young daughter exhales the smoke.

In another commercial, a teen speaks about a man who died from second-hand smoke; then another teen tells a story; and then another. As the spot ends, the camera reveals an endless line of kids waiting to tell more stories.

All of the creative carried a striking *stand* logo—an open hand with the word “stand” written across the palm. Public relations, grassroots events (e.g., a “stand up, sound off” music tour) and the standonline.org web site, helped localize and personalize the message. By the year's end, awareness had reached 82 percent.

Since then, an integrated campaign has empowered and motivated kids to take action against tobacco use. For example:

- Through a statewide *stand* petition drive, kids put pressure on MTV for airing videos that glamorized smoking. So far, *stand* teams have collected more than 63,000 signatures.
- A *stand* 53k bracelet giveaway program symbolizes the 53,000 non-smokers in the U.S. who die each year from the effects of second-hand smoke.
- To keep interest high, OTPF challenged kids to write commercials, speak out at local city-council meetings and persuade local politicians to wear *stand* 53k bracelets. The incentive was a chance to win a trip to New York City.



Among the results:

- Forty-nine percent reduction in tobacco use in Ohio.
- Ninety-three percent awareness of the *stand* program's anti-tobacco message.
- Expansion of *stand* teams from nine to 78.
- More than 1,000,000 individual activist-actions in 2005 alone.
- Distribution of more than 100,000 *stand* 53k bracelets in 95 Ohio cities; one *stand* team even got Ohio

Governor Bob Taft and his wife to wear bracelets.

- Ohio has dropped from fourth to 15th in per capita tobacco use nationwide.

“In four short years, through the *stand* brand, we have established a prevention campaign that resonates with our youth, empowers them to

act and effectively reduces the number of kids trying tobacco,” says OTPF executive director, Mike Renner.

The Ohio Tobacco Prevention Foundation was so encouraged by the success of *stand* that it extended the program into 2006. The latest integrated effort gives teens the tools to *debunkify* damaging myths about tobacco use (e.g., “most people smoke” and “second-hand smoke isn't deadly”).

You can learn all about the *debunkify* campaign at www.debunkify.com. ■



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The Spark

Cirque du Soleil sends 900 performers into 12 different shows 500 times a year—how on earth do they keep it fresh? That's the question longtime Cirque exec Lyn Heward hopes is answered in her 135-page book, *The Spark*, writes Craig Wilson in *USA Today*.

In a nutshell, Lyn's answer is to embrace "the company's mantras: take chances, get out of your comfort zone, trust others, work for a common goal, and when all else fails, muster up some courage."

That may sound like a plate of warm cheese, but Lyn says it's not. And her co-author, John U. Bacon, explains why: "It's the opposite of Detroit," he says. "They don't care where an idea comes from. The best just bubble to the top."

And sometimes the result is breathtaking—as it was for Gale Hess, 51, a violinist who was summoned out of the orchestra pit and trained to play while climbing "the rigging above the stage." She comments: "Someone will come to you with a creative idea, and you have to go with it."

Or, you have to make it up as you go along, like Taras Shevchenko, an acrobat. Taras says he keeps his creative spark flying by "every now and then turning right instead of left." Gymnast Mitch Head describes the process as "an evolution. We start with something basic, we tweak and build it up."

With all that tweaking going on, Lyn Heward "says it usually takes 18 months to two years for a show to hit its creative stride...The New York premiere of *Corteo*, for instance, is at least 50 percent different" from what it was "a year ago when the show first hit the stage."

An Army of Davids

Glenn Reynolds, the blogger of Instapundit fame, is out with a book called *An Army of Davids* that celebrates the power of the individual in the age of information, as reviewed by Adrian Wooldrige in *The Wall Street Journal*.

The central premise is this: "The secret of success in both business and politics in the twenty-first century," he writes, "will involve figuring out a way to capitalize on the phenomenon of a lot of people doing what they want to do, rather than—as in previous centuries—figuring out ways to make lots of people do what you want them to."

Glenn applies his philosophy "with verve and wit" to goals such as space colonization, advocating

a "Wild West model for outer space: If we privatize space travel and give land grants to people who colonize the moon, we will soon see a space rush, even a Mars rush," he writes.

Glenn also cites "the 'comfy chair revolution'... the appearance of comfortable chairs in bookshops and even clothes shops," as the best evidence of "the army of Davids on the march," providing its foot soldiers with "temporary offices as well as lattes and muffins."

Overall, writes Adrian Wooldrige, Glenn Reynolds offers "a coherent, and very American, philosophy of the world" in just "268 undersized pages."

The Change Function

A new book by newsletter-writer Pip Coburn posits that the success or failure of new technologies can be reduced to "an easy-to-follow formula," reports Lee Gomes in a *Wall Street Journal* book review.

The book is called *The Change Function*, and the formula goes like this: "A technology will be successful if the pain associated with adopting it is less than the pain associated with the status quo." He also says that "successful technologies...tend to exploit crisis in one form or another."

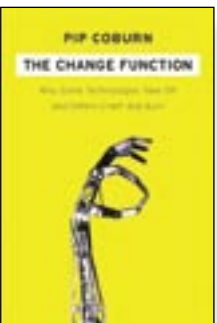
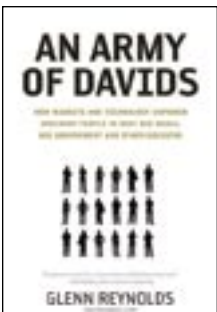
As evidence, Pip points to the BlackBerry, which he says succeeded because people "fear missing either a threat or opportunity when not connected." For failure, Pip cites Webvan—a casualty of the dot-com era that promised online ordering and offline delivery of groceries.

Lee Gomes actually thinks Pip is a little weak on his explanation for Webvan's failure. Pip suggests that maybe it was because "the popping of the dot-com bubble eliminated the peer pressure to shop online" or that maybe "people like shopping more than we realize."

It's left to Lee to offer a more plausible explanation: "My own theory," he writes, "is simply that Webvan, drunk with the 'internet-changes-everything' Kool-Aid of the period, had a spectacular misunderstanding of the economics of the grocery business."

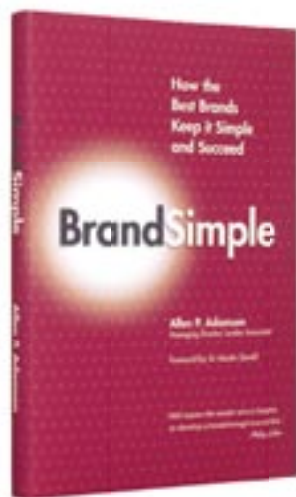
Lee does give Pip props for looking at "products through the eyes of their users," and especially the attempt to distill the divide between success and failure into simple terms. Except, he observes, it really isn't that simple: "By the end of the book," he writes, you realize that the Change Function really is all you need to predict technology success or failure—as long as you also think about pricing, competition, product quality, management and the rest."

—Edited by Tim Manners



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