

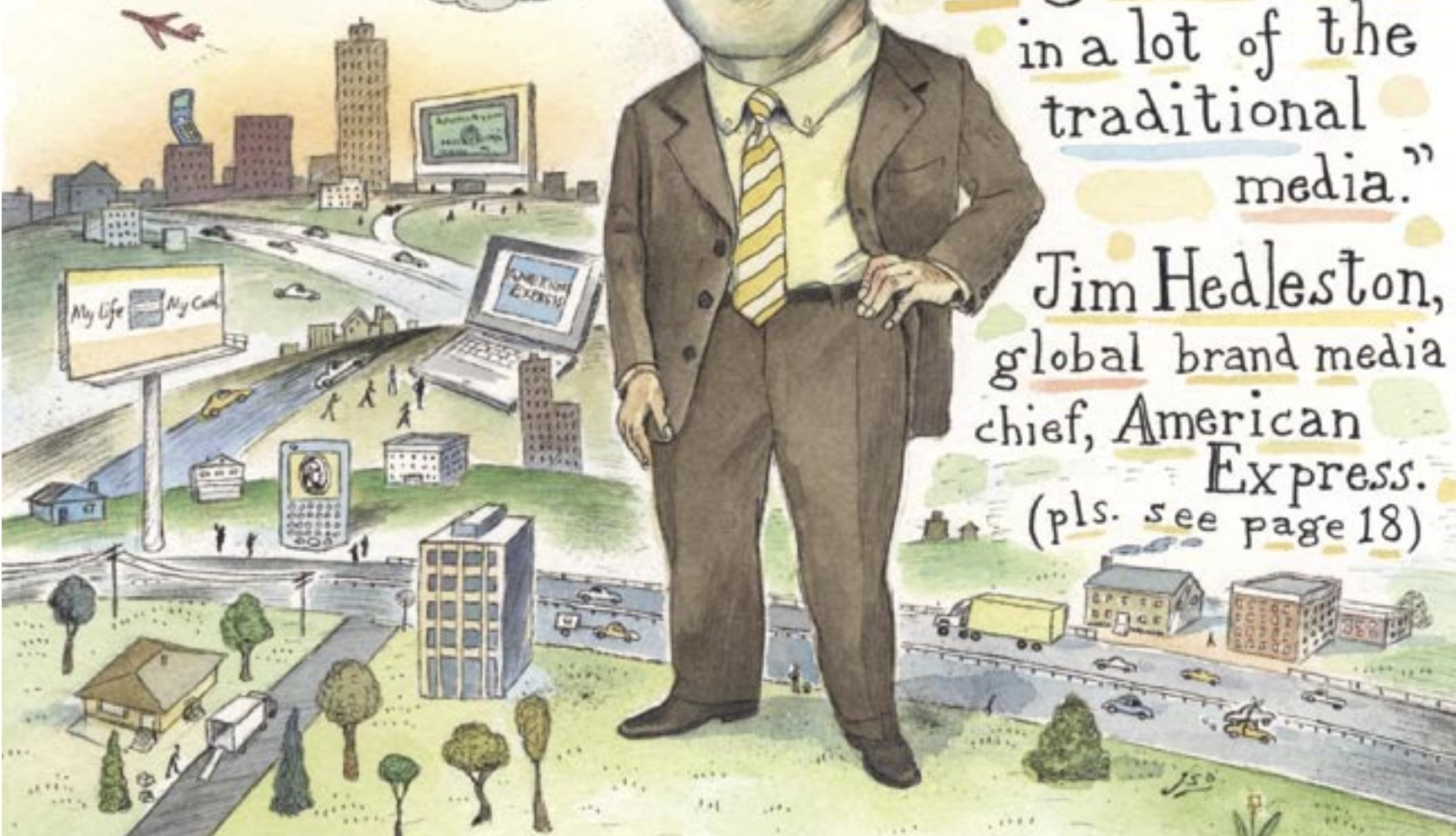
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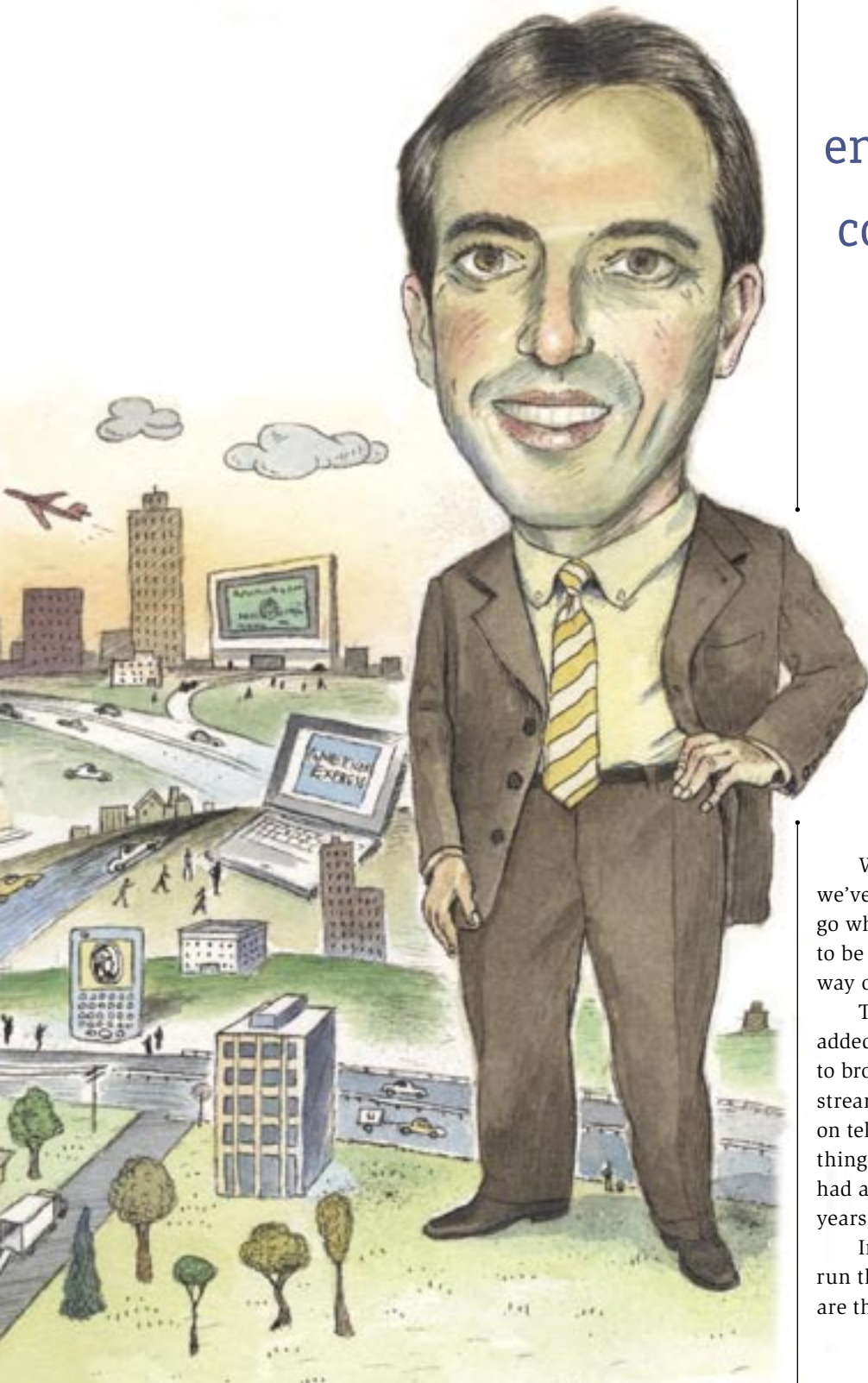
The AMEX CONTEXT

"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)



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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