



"There's some exciting stuff happening here at OfficeMax, but the public can't see it all yet because the curtain hasn't gone up. But the sets are being built and the actors are learning their lines. The play will go on!"  
~ Bob Thacker, chief marketing officer, OfficeMax  
(pls. see p. 24)

# OfficeMax *Magic*



**T**wenty years ago, when he was a marketing chief at Target Stores, Bob Thacker says he used to hear the same thing all the time: “Target? Are you kidding me? It’s a discount store in Minnesota. It’s kinda dumpy.”

Well, it took 20 years to turn around Target, and Bob was right in the thick of that transformation from “kinda dumpy” to “pretty darn cool.” Today, as chief marketing officer of OfficeMax, Bob is once again relishing a Target-sized challenge. “We’re the third-place brand in a

category that has no differentiation whatsoever,” says Bob. “Office supply stores have long been dubbed as dull and uninspiring. But if you do things that are totally unexpected and surprising, it suddenly begins to breathe humanity into a category that has no humanity.”

Because Bob, in his bones, is a media guy, much of his focus is on telling his story in a way that will change what we think of OfficeMax. Nearly everyone knows about Bob’s now-legendary *Elf Yourself* viral video campaign.

Then there was the world’s biggest rubber-band ball, as certified by *Guinness World Records*.

Bob’s latest is *Penny Pranks*, in which a hidden camera rolls as a guy with copper-red hair and beard tries to use piles of pennies to buy big-ticket items, including cars and diamonds. If you haven’t seen any of this stuff, you can find it all on *YouTube*. It’s a hoot.

But beneath Bob’s jokey exterior is a deadly serious strategy to transform OfficeMax from an also-ran office-supply chain into a shopping experience that’s as fun, entertaining and energized as, well, Bob Thacker.

## Bob Thacker says his plans to make us love OfficeMax are right on target.



### How does the sense of fun in your viral videos manifest itself in the stores?

It all has to do, ultimately, with corporate self-esteem. When I was at Target, we worked really hard at making sure that all of the associates had a sense of pride, excitement and appreciation for what the company was saying about itself and the way it was portraying itself.

So, by creating fun and involvement, by making history—by doing things that are totally unexpected and unprecedented—it surprises and delights the associates too. If people are proud of their company, then they work harder and they do better. They do more things for the customer. It all adds up.

As you look at our Back-to-School effort, our mantra is “Power to the Penny.” I actually sent some people out to see if the stores were keeping that promise with shoppers. I armed them with a few hundred pennies, asked them to buy some things and see how the store treated them. There was no head’s up warning call or anything, but the stores they went into were awesome.

I’ve been thinking we might have a national “retrieve the penny day” and have everybody bring in their pennies. We’d convert them into dollars and everybody could go shopping with them. We might do that. You never know.

### What is the thinking behind Penny Pranks?

It was really driven by two big thoughts. One is the economy, which is a big, scary thought. The economy has tanked and everybody is becoming much more value conscious. So, we decided to take a very pragmatic approach with our Back-to-School program and focus on value to the extreme, but in a way that adds value and is entertaining, too.

Our agency, the Escape Pod, came up with the concept. They’re really bright guys, small, very

nimble, responsive, and they came up with this idea of going out and trying to buy things—big things—with pennies. That’s what led to the *Candid Camera* approach. The whole idea is centered around this poor pathetic, ignored, abandoned, abused little coin that nobody seems to want to have anymore.

It’s been fun to watch it begin to get traction and take off. We created a total of 11 videos and released them online simultaneously because we’ve learned that doing so creates more momentum than parceling them out. That runs counter to the campaign strategy you would use with traditional media. For something to grab, you basically want to have every horse in the race.

### Are you looking for a specific ROI?

Well, with *Elf Yourself*, for example, the objective was really to brighten the brand, give it a face, make it charming and soften up people toward accepting the brand. We did measure how we did with it. We had 193 million or so people who Elf’ed themselves. Of those, 43 percent remembered OfficeMax. And of those, 37 percent said it made them think more favorably about the company and more apt to shop there.

So that, for what we wanted to do, was a good ROI because again, it was differentiation. I think a lot of people try to apply the same metrics to online initiatives as they do traditional media, and in many ways it almost defies that. It’s almost like asking to use one standard of measure for something that really isn’t measured in the same way. It’s like trying to measure the height of an airplane with a yardstick!

### Are you doing as much television as you did?

No, we’re not. We’re doing some, but much, much less than it would have been even three years ago. Part of it is that it’s so difficult to segment to the same degree that we did before there were 300 TV channels.



And so we're putting our resources in areas where we have a much better return. Online isn't our only medium. We do a lot of direct mail. We're still in the Sunday circular. We haven't abandoned all traditional media, but I would say that it's all in play.

As I speak with agencies — particularly bigger, more established agencies — I think many of them are struggling to figure out how they approach the new marketplace with everything in such disarray. The more traditional agencies were built on creating the 30-second network-television spot and that isn't the only answer anymore. In fact, it may not be the answer at all. So, television is occasionally part of the mix, but it's not the primary driver that it would have been five years ago.

#### **How about radio?**

We do use some radio. And we think radio is good for delivering some immediate messages and because our customers are on the road and they still listen to the radio. We're using it in a more of a rifle than a shotgun approach.

#### **Is there a medium that has the greatest untapped potential?**

I think it's the web. That's the obvious answer. I don't think people have even begun to understand the power of the web. Many people try to run traditional advertising online and assume it's going to achieve the same result, but it won't. It doesn't work at all.

The computer is not a television you type on. Nor is it a radio that you look at pictures on. Nor is it a newspaper that is just electronic. The computer is a companion. Just think about the number of people who log onto the computer first thing in the morning and stay logged on all day.

They communicate on it and get enlightenment from it. They are entertained by it. They are engaged with it. But generally it's not passive. Generally, it's active. Those who are getting the most out of it understand that the web's interactivity is the "co" in communication. It is two-way.

#### **How do you see the potential of the store itself as a medium?**

The store is everything. We can make all the promises in the world but if the store doesn't keep them, then it's all for nothing. I'll dis' my past here a little bit. I was at Sears a while back and I refer to my days there as "the frosting on

the burnt cake time." We were whipping up all kinds of frosting with our advertising slogan, "The softer side of Sears."

Unfortunately, we were inviting people to a party that never happened and it led to massive disappointment. It's always dangerous to invite people to a party that you don't have. And so, for OfficeMax, a really huge, huge, share of our initiatives are focused on improving the shopping experience, improving the service experience, improving the product — all of those things that pay off the reality of who we are. Otherwise it's a fantasy.

As we're infusing more into the company and trying to give it more energy, the stores are a top priority. We want to make them un-warehouse like, make them inspiring, and something that people want to go to and shop in without a list. Office supplies are a "list" kind of store. Shoppers want to get in, get out and get it over with. We think that's ignoring a huge upside opportunity.

#### **Are you trying to be like the Target of office supplies?**

I wouldn't say that directly. It's a little bit like, when you have a genetic imprint, are you trying to be who you are? What I was at Target I am here. The experience I had before the experience I had at Target certainly had an impact on what we did at Target. And I haven't had a total personality transplant! Yes, I'm using the principles I learned at Target here at OfficeMax. But the principles I used at Target were also principles I had learned before.

#### **What are some of those principles?**

Well, first of all, when you come into the store, is it in stock? The basics. Do you find what you're

looking for? Is the store easy to navigate? Are the associates connected and resourceful and helpful? Do you feel that you're inspired by the store? Do you go in and say, "I need this but wow, I *want* that?" The best stores are really good at delivering what you never knew you needed but that you know you want.

It's the idea of inspiration—the idea of things that are accessible and not overly expensive. The adage that you don't have to have money to have taste still holds true.

There's a huge opportunity in our category to offer more than we presently are. So, if you go into our stores now you'll see products that are design forward, with colors, textures and shapes that are much different than you would have found five years ago, or even three years ago.

#### **What kinds of things?**

Things like backpacks and notebooks from TerraCycle, which are made using recycled product packaging. They have the right idea of what environmentally-friendly products can be. It's cool stuff. It's not just cool because it's green, but because it actually works and is a product that people need and use and want.

#### **Will you bring in a Michael Graves equivalent?**

There's actually something in the works but I can't announce it yet. There certainly is a place for that kind of design and style at OfficeMax. Stay tuned.

#### **How do sales and marketing work together at OfficeMax?**

Really closely. The merchandising organization and the marketing organization report up to Ryan Vero, who is the chief merchandising officer. I am very blessed that Steve Embree, my counterpart in merchandising, truly understands marketing. We have a mutual respect.

That isn't true in many retail cultures. Oftentimes there's hostility or warfare between marketing and merchandising. But at the end of it all, we really want to achieve the same goals, so why fight? Why not figure out ways to maximize each other's strengths?

#### **How do you make innovation happen?**

We have many resources both inside and out. The marketing department is structured as a classic advertising agency. We have a very large creative group here. We have a creative director, Mark Andeer, who reports to me, who came up through Lowe and BBDO and is really inspiring and has a great appetite for innovation. We also have outside trend authorities and others we tap into. We're always looking for new ways to present the product or reach a customer.

#### **Does that include OfficeMax brands?**

We have a whole hierarchy of our own brands that are in the store and more are on the way. For example, we have a line of writing instruments called *Tul* pens. There's a very funny website ([www.tul.com](http://www.tul.com)) that was set up to promote it. That brand is the most successful writing instrument brand in the company. It's private label but it doesn't look like an OfficeMax housebrand. It's a sophisticated product.

We have a line of more fashionably designed accessories and supplies that's called *Divoga* and that is right up there with fashion apparel. That's our own brand. We have a presentation line called *In Place*, and several others. Then for Back-to-School, we have several different individual brands that are owned by OfficeMax but are not the OfficeMax label.

#### **How do you define social responsibility at OfficeMax?**

One is the way we hire and the kinds of stores and environments that we create. We've also focused on teachers. In America, teachers spend about \$4 billion a year buying supplies for their classrooms. What other profession as important as teaching requires the professionals to pay their own way? Teachers earn only about \$30,000 a year but they spend, on average, about \$1,500 a year to buy paper and pencils and anything they need to augment what schools aren't supplying for the kids.

So, starting last year, with a huge initiative, we went into a thousand schools and surprised



1,000 teachers who had been nominated for having represented sacrifice, commitment, and devotion—all the right qualities of a great teacher. We surprised them with all kinds of gifts. A new chair, a rolling bookcase, materials, camera, printer, all kinds of paper, bulletin board materials, markers, pencils, everything—it was about \$1,500 worth of supplies.

All of our stores stopped for an hour or two to do this, at headquarters and all across the country. It was a huge, huge day.

Our whole focus on that has now grown even bigger and we're doing the same thing at more than 1,300 schools this year. Our hope is to put a spotlight on this issue and make the public at-large aware that teachers are bearing the burden and it's wrong. We're really passionate about this.

#### **You also focus on moms.**

A huge number of our customers are women. Our business is like a two-sided coin. On the one side is small office, small business, mid-size and large business—the whole business world. That's ongoing. Then, with Back-to-School, the coin flips and it becomes moms and kids because the Back-to-School season really is like our Christmas season. It's our highest-volume season. We end up addressing a different audience with Back-to-School than we would the rest of the year.

#### **Does that focus on women carry through in other ways?**

If you look at our product, in our stores now and moving ahead, you'll see much more fashionable product, because we know there's a real marketplace for design, style and color that generally appeals more to women.

#### **Do women expect more in the way of customer service?**

Many of our products speak for themselves, so we don't offer a "luxury" level of service. In areas like technology or photography, and furniture to some extent, there's a higher level of service. Certainly in the in-store printing area, service is a part of it.

#### **How do you find a balance between satisfying your customers and maximizing profits?**

For OfficeMax, it isn't so much about the warehouse anymore as it is understanding what people really need, making sure you have it in stock and that you're fulfilling their needs. We certainly have a broad assortment, but that doesn't mean an unlimited assortment. It's always that fine balance between having what people need and want, and having enough of it, but not to the point that you've got two SKUs of fifty things when maybe it should be five SKUs of ten. It's not like there is a pure or perfect answer. It also depends on what it is.

#### **What are your greatest obstacles?**

Everybody is feeling the pressures to perform and deliver that it sometimes can be very difficult for companies to take risks. We're in a turnaround. And a turnaround, by its nature, is going to squeeze every penny it can. That's why the penny is a perfect analogy for us. So I think that, more than anything, is our biggest threat.

#### **What do you hope to accomplish ultimately?**

My dream would be to hear people say, "I love OfficeMax." I heard that about Target all the time, and that didn't come easily. It's not something where you can just open the door and say, "Okay, it's different. Get it?" It's an evolution.

#### **What will it take to get there?**

Patience. Persistence. It's understanding that it isn't going to happen in a moment. But it is staying the course and keeping people around you who share the same beliefs. And not to put on blinders, but make sure that everybody is aligned and working for the same goals. ■



**BOB THACKER** is senior vice-president of marketing and advertising for **OfficeMax Inc.** Previously, he was SVP marketing at Target Stores, where he introduced Michael Graves designs. He was also SVP marketing at Sears and CEO of BBDO Minneapolis.