



# HP *Meteorology*



Seventeen years at Disney, ultimately as marketing chief of Disney Parks & Resorts, left Michael Mendenhall with a keen appreciation for quality content and the importance of keeping a sharp focus on the customer. It also gave him a healthy respect for a story well told.

Michael's own story is that, about two years ago, he left Disney to join Hewlett-Packard as its chief marketing officer. It's not as unlikely as it might sound. The two companies actually go way back—in fact Walt Disney was Hewlett-Packard's first customer, having bought from them the audio oscillator used to film *Fantasia* in 1939.

More recently, Disney and HP became strategic partners, developing technologies to help adjust to changes in the way content is consumed and distributed. This captured Michael's imagination.

"The industries that sustain society—energy, healthcare, education and others—are experiencing information explosions that need to be managed in a

way that provides insight so that they can perform better," he explains, adding, "We're providing innovations that make this possible, and that's a very important story to be told."

It's also a happy story, in that HP is doing well, even in today's turbulent economy. That's because HP's trajectory was already set before the stock market crashed last year—tracking skyward, literally into the clouds—a "digital ecosystem" as Michael calls it, in the sky.

Well, maybe not literally in the sky, but pretty close. HP's strategy is premised on harnessing the power of massive computer networks in remote locations, which even most non-geeks now refer to as "clouds." Cirrusly.

# Hewlett-Packard CMO Michael Mendenhall says the future of media calls for blue skies with lots of clouds.

## How will clouds change our lives?

Clouds allow for dynamic and adaptive infrastructures in how you manage, store and secure information. They also allow for real-time, intelligent interaction and interface using software.

Clouds let you scale quickly and more affordably, and to engage customers with great efficiency. They allow you to pull analytics that have been somewhat difficult to access in many companies because the information is stored in multiple places that really don't speak to each other.

Clouds enable you to centralize that function, pull those analytics—business or consumer—very quickly into your dashboards and into your planning. It's about effectiveness, efficiency and being very dynamic.

What's very exciting is that clouds allow marketers to build applications that drive their business strategies and help drive transactions. HP has some great offerings in this area, from MagCloud to CloudPrint to BookPrep to SnapFish, which is one of the largest photo sites online today.

## What's the thinking behind MagCloud?

MagCloud (*see sidebar*) has taken away all the pre-production and pre-publication costs associated with magazine publishing. In the U.S., 62 percent of magazines sent to newsstands are never sold. That's more than two billion wasted magazines, enough to circle the earth 18 times.

It's economically viable now to print 1,000 copies of a magazine, 100 or one copy. MagCloud takes full advantage of the "long tail," as you think about audiences fragmenting against topics and niches. Here's a service, through the clouds, that has democratized print and allows anyone to participate.

## How about your partnership with MySpace?

That's another example of engagement that was more in line with our marketing strategy from our imaging and printing group. We were trying to unlock the content from the digital world and bring it into the physical world.

So, we embedded an HP "hit print" button on

the MySpace pages where 125 million MySpace users store and display more than four billion images. HP's technology enabled these images to be easily printed and shared. We were connecting these users directly to the benefits and functionality of HP's printing business and doing so in a highly personal way.

## Do you think Twitter works as a medium for marketing?

When you look at the amount of engagement that's going on with Twitter, certainly it's working and can be a valuable tool in a company's mix. We know there are a lot of passionate social consumer or customer groups that are very interested in following a company's dialogue and are very passionate about a brand.

So, Twitter becomes a way to engage and gain insights. I think you're going to see Twitter applications that will allow marketers to pool and aggregate the insights that exist in the streams around their products and services on Twitter. That will be the next innovation from Twitter.

## Is it still as important to create mass awareness as it used to be?

It really depends on your industry. I'm not saying you can't generate mass awareness online—when you think about the number of people engaging in many portals today, there are a lot of eyeballs there. But you will have certain people who need more of a mass level of engagement, depending upon the type of product.

If it's a largely commoditized product that has a very low price point and low margin, it may be more effective to pursue mass communications. Of course, they don't necessarily have to go the conventional media route to do that, either. It has also become incredibly important to have a relationship and to follow this macro-trend of personalization and customization.

## How has HP's marketing organization changed with the emergence of digital media?

Given the increase in the amount of digital information, marketing organizations are struggling to manage disparate pieces of information into a

comprehensive program that engages customers. People have to figure out how to maximize this potential.

In doing that, they need to apply sophisticated technology and applications that capture a customer's or consumer's digital footprint, and that will allow them to measure the ROI in the digital world. A digital footprint is more exact than some other measurement tools. It's something that you can see, monitor and analyze.

Today, there is sophisticated technology and applications that really give marketers more visibility into behaviors, that track immersion into brand experiences, give you lead generation and drive the digital or retail commerce. So, it becomes important for a marketing organization to bring a digital capability into their mix and into their organization.

#### **How is measuring digital media different from measuring analog media?**

Regardless of type of media, metrics really need to be tailored based on specific objectives and goals that the marketing program is trying to achieve. At HP, we measure engagement, brand preference and reputation.

We continue to work on refining metrics as software applications become more sophisticated, so that we are looking at how our entire media and communications portfolio works together to drive sales. Many of those applications are different than what you would have found in conventional media.

#### **Is creativity different for digital than other media?**

It can be, but ultimately the answer lies within the power of storytelling. No matter the channel or medium, it's about great storytelling, and creativity is an essential piece of storytelling.

Storytelling and the idea of co-creation are at the core of what we do now as a brand. The paradigm is no longer based on interruption—grabbing attention for your product—but on a more nuanced approach of engagement in an increasingly digital world.

#### **Has the advent of digital changed the way that you work with your agencies?**

It has changed our focus, the importance of an integrated marketing mix and how we look at the optimization of that mix. We have made it a very strong practice within the company and we expect our partners within the digital space to bring some great talent and resources to bear.

#### **What's it like being a marketing guy at a technology company?**

It's very interesting, because both Shane Robison, our chief technology officer, and Mark Hurd, our CEO, have brought change to HP. This is a very different company than it was four years ago. They understood very quickly that the customer should be at the center of our dialogue, and how we think about research and development.

The fact that they brought me into the office of strategy and technology means that the consumer and business insight that marketing brings to the table helps direct HP in the R&D space.

So, I have not experienced any friction. In fact, we brought in some great capabilities that have really helped give R&D far more specific direction. The more you are armed with great, specific information about your customers, their behaviors and the market opportunity, the more rewarding it is for any person who's in research and development.

#### **What's the best way to budget for experiments with newer media?**

We are constantly re-evaluating our mix and looking at tools that are going to provide for far more engagement. It's not about building an interruptive plan as much as it is about building an engagement plan. It should *not* be about distracting customers; it should be a model of engagement.

We must avoid the temptation to only dip our toes in and budget minimal resources. Clearly, it has been demonstrated over the last three to five years that these are important networks or channels that can really be deployed in strategic ways to produce greater success for companies. That's true whether they are launching new products or services, or they're just in a sustain mode.

Far too many marketers have only allocated minimal resources toward small tests. Given the speed at which consumers are adopting and engaging with these technologies, it becomes incredibly important that one commits to the digital space as a marketer, even if it makes you uncomfortable sometimes.

#### **How do you create "models of engagement"?**

To give you an example, HP produced user-generated online support forums this past year that allow us to tap into the collective intelligence of our customers. This enables our customers to help each other with solutions or with the various products and services HP offers.

## MagCloud Magazines

Hewlett-Packard is riding a “cloud” to a new service that could be magazine publishing’s answer to YouTube. The service is called MagCloud and it allows niche publishers to “crank out” special-interest magazines one copy at a time, for just 20 cents a page.

Publishers can then charge as much as they want to readers, who can order copies online. “There are so many of the nichey, maybe weird-at-first communities, that can use this,” says Andrew Bolwell, who heads MagCloud for HP.

So far, MagCloud has produced hundreds of magazines, “including publications on paintings by Mormon artists, the history of aerospace, food photography and improving your personal brand in the digital age.”

Publishers can either upload their own finished PDF, or use provided templates to design and format their magazines. HP then “farms out the printing jobs to

partners scattered around the globe and takes care of billing and shipping for people who order the magazine.”

However, the service itself is not necessarily HP’s intended profit center—that would be sales to print shops of digital printers made by its Indigo unit. The machines “range in price from \$300,000 to \$600,000 each” but are capable of printing “one copy of 10 magazines or 10 copies of one magazine for about the same price,” at the push of a button.

MagCloud could also be a boon to local print shops, which can also use the Indigo printers to let customers customize “invitations, stationery and announcements.”

HP is keeping all options open: “We are trying to experiment with these new types of business models,” says Andrew Bolwell, noting that the foray into on-demand printing is low-risk for HP.

[SOURCE: Ashlee Vance, *The New York Times*, 3/30/09]

In January, we had more than five million page-views alone in this space, with more than 10,000 posts and about 400,000 searches. That’s just in one month. Now, think about the collective customer intelligence relative to our products that we’re seeing as a result. Those insights and that information become incredibly valuable.

Another type of engagement happens with HP Idea Labs. This is a site where we actually opened up to the collective intelligence and untapped talent among the 1.3 billion people in the online community.

It gave these 1.3 billion people the ability to engage and interact with several of our labs. It gave information and instructions on each of the featured technologies, and allowed that end-user to immerse in technologies that were in development. That gave us speed-to-market with products and services.

### **Is the digital opportunity bigger in R&D than in marketing communications?**

No. Those insights help not only R&D, but

also help you market, communicate and hopefully transact. When you look at the number of transactions and amount of e-commerce taking place and the growth in that space, it becomes an incredibly important part of the mix.

So, the opportunity is not just one of R&D; it touches the entire marketing mix and becomes a very valuable and important tool in the marketer’s tool chest. It should be an ecosystem strategy around your entire marketing mix. It should be a legitimate resource and funded practice.

### **Is there a direct link to generating sales?**

The value that is generated can be direct or indirect, tangible or intangible. Much of it is indirect because it is about customer service, which plays an important part in a company’s brand and reputation.

Consumers are increasingly looking to the digital space as a place to help them solve their problems, which builds their loyalty and ultimately helps drive sales through new, innovative customer service

models. So innovation and the role of R&D cannot be underestimated in all areas of your operations as there can be clear direct and indirect benefits.

#### **Does innovation at HP necessarily involve these social networks?**

No. We have 23 labs all around the world that are innovating, of which six are open to social networks. So, all of our labs don't work within this given environment, but we believe in the power of open innovation.

#### **How do you see the potential for digital media in the retail environment?**

That's incredibly important. We've installed some digital kiosks with touch capabilities and people are becoming very comfortable with them. We've installed kiosks in Chicago at the airports, which is really just an interface on things to see and do—restaurants, dining, entertainment and places to stay. We're seeing more and more of that type of technology at retail.

When you go around the world, outside of the United States, where mobile transactions and interfaces are even more sophisticated, you see where it provides and plays a very important role in consumer and customer engagement. It has demonstrated to be quite a success around the world.

#### **What's the best way to integrate online and in-store?**

It's one complete strategy and how you approach all of your customer touch points in both the digital and physical worlds, and how that impacts your future strategy. It's about following the technology form-factor that is creating and driving the behavior around which you want to build your strategy.

Mobility and retail certainly are big pieces of this—whether that's retail in a physical location or in the e-commerce space. It becomes very important that this is built into your overall strategy.

#### **What is the most important thing you've learned about digital media?**

That would be the importance of having a strong technology foundation within any company, or within any industry, that has the capability of pulling the right business or consumer analytics and insights out of the information.

As I've traveled around the globe, I've seen that

many marketers and companies have great data that would give them terrific insights into where, when and how to engage with their customers, and where they should be innovating in R&D.

But they don't have the resources to manage that information, tap into it and pull out those very smart business and consumer insights. And, by the way, many of them have the information. They just don't know how to get access to it and or how to manage it.

#### **What is your greatest challenge?**

As you think about the macro-economic climate and the fact that we are in a global recession, I just hope that there isn't a protectionist, anti-American sentiment that starts to emerge. We truly are all in this situation together and have to solve it together. We are much closer to each other economically than we are geographically.

#### **Does digital media make your challenges easier or harder?**

If you think back to the advent of mass media, you would have found people who would say, wow, isn't this difficult, now we have radio, now we have TV, now color TV. As things iterated through platforms, people would say, wow, this looks so challenging now—how are we going to do this and how should we change our strategy?

The biggest change has not been that it's more difficult; it's the speed at which it changes. You're finding consumers becoming very comfortable with adopting newer technologies and software much more rapidly. That's the change that becomes challenging for marketers. I don't think it's the actual platform or the hardware itself, but rather it's the speed at which it changes.

You need to build an organization that is fundamentally more dynamic, that can respond to the global landscape in real-time and be more adaptive than it's ever been in the history of marketing and communications as we know it. ■



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