IMC

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INTEGRATED MARKETING COMMUNICATIONS

NORTHWESTERN UNIVERSITY

Department of Integrated Marketing Communications

2005

Journal of Integrated Marketing Communications

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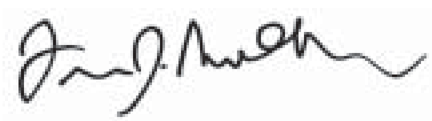
LETTER FROM THE ASSOCIATE DEAN

Integration is about making connections. The department of Integrated Marketing Communications at Northwestern University teaches and researches how organizations can better connect with consumers, employees and other key stakeholders through strategic communications.

The newly re-named *Journal of Integrated Marketing Communications* (JIMC), which publishes articles about current issues in marketing communications, connects the department to practicing marketing communications professionals around the globe. This includes an IMC alumni base of nearly 1,000, which grows by almost 100 each year. The journal offers a dialogue between these two parties about the challenges faced by practitioners and the solutions provided through integrated approaches to strategy development and communications execution.

The yearlong effort put in by the journal staff culminates in a product that not only advances knowledge about IMC, but also connects students, faculty, alumni and friends to the excitement of an academic program that is at the center of the dramatically changing world of marketing communications.

We hope you will enjoy this issue of the JIMC and will stay connected to the IMC program.



Frank Mulhern
Associate Dean, Medill School of Journalism

About Northwestern University's IMC Program

Northwestern University's Integrated Marketing Communications (IMC) department celebrates its 12th anniversary this year. Northwestern devised the IMC curriculum in a leap of faith that an academic institution had the intuition to forecast changing needs in the business communications field. Several Medill School of Journalism professors, in an academically controversial move for its time, combined three distinct curriculums — advertising, public relations and direct marketing — into one program to produce professional communicators who could meet the evolving needs of businesses in the twenty-first century.

At the heart of the IMC philosophy lies the concept of integration: that advertising, communications and marketing are no longer silo functions within a business. Rather, these disciplines must work in tandem to influence all stakeholders of a company, from customers to employees to shareholders. Within the decade, hundreds of businesses like FedEx and IBM have increasingly embraced all or significant elements of the "best" IMC practices.

In 1999, increased use of technology led the IMC program to revamp its direct marketing concentration to become direct, database and e-commerce (DDE), a reflection of the growing importance of data collection and analysis in the field of communications.

IMC students concentrate in one area of study — advertising, public relations, DDE or a combination of all three specializations. Yet the program emphasizes that a true Renaissance communicator must be proficient in concepts that touch all areas of business, including consumer-centric marketing, customer segmentation and branding. The IMC program curriculum reflects that need in its full-time, 15-month degree program and its part-time, two-year program. Full-time students perform a professional summer residency during which then utilize their classroom knowledge to help solve strategic marketing communications problems. Companies such as Yahoo!, General Motors, W.W. Grainger, 3M, Abbott, Wells Fargo and more than 50 others hired students for the 2004 summer residency.

The future of IMC lies in the continued integration of the best minds in the industry and academia teaching students who have a vision of bringing the benefits of IMC into their organizations. Beyond the integration of the functions of marketing and communications, the challenge will be to integrate the operations of complex businesses with an effective customer and stakeholder focus, solid ethical values and sound business principles.

For further IMC information, please call 847-491-5665 or visit www.medill.northwestern.edu/imc.

LETTER FROM THE PUBLISHER

Since arriving at Northwestern as a faculty member in 1989 and creating this student-led journal in 1990, this is the fourth U.S. presidential election that I have watched with our graduate students. For most of our students, 2004 is their second or even third election to be able to vote. For a quarter of our students who are international, it might be their first time observing the American electoral process. With all of them, I have shared my belief that the American election process (despite its many weaknesses) is one of our strongest examples of effective, efficient and even equitable integrated marketing communications (IMC).

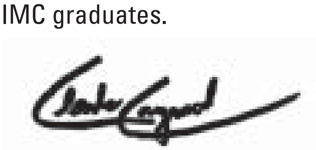
In my 1976 book on not-for-profit marketing, I wrote "political campaigns contain the richest mix of marketing communications used by modern organizations." I continue to believe that my students and readers of the *Journal of Integrated Marketing Communications* can benefit from watching the intensive, high risk and democratically important marketing process of election campaigns. Candidates for public office, including candidates I managed in my first career, have tried to carefully use communication tools available to them and to businesses. The massive, important efforts to generally "get out the vote" also benefit from IMC.

Campaigns in marketing and politics begin with a thorough understanding of the voters or customers and their past purchase or voting behaviors. Well-integrated campaigns know who to contact and how frequently to contact them to retain loyalty or to acquire new votes. For example, in the 1960s we used databases of voters and developed "walking lists" for candidates and volunteers to skip houses of those who were either very likely or very unlikely to vote for our candidate. We then strategically used our time to call on voters who were undecided. This was long before the industry established modern customer relationship management (CRM) programs and data-mining systems, which we currently teach our students to use, as effective tools to segment voters/customers.

Campaigns have used traditional (i.e., speeches, advertising, direct mail) and newer media channels (i.e., Web sites and Web advertising, fully automated polling and calling) to selectively reach the voter/customer in ways relevant to that voter. We mimic politics, or vice versa, as we teach our students to intelligently combine the best channels to effectively and efficiently reach targeted customers. Although the 2004 presidential campaign is a case study in using television in highly selective markets (states), it is also testament to one of our IMC claims that national advertising is not the only communications tool to use. More and more, business is paralleling politics' traditional, yet strong, use of earned press or public relations as an exciting and powerful means to reach voters and customers, as well as other IMC channels.

In today's marketplace, political officers and business professionals alike must be cognizant of the social and ethical aspects of their decisions. In this way, the same lessons learned by major consumer, business-to-business and not-for-profit organizations have been applied by political candidates and their marketing teams.

Finally, I continue to offer to our students each year the following promise: "If any of you ever decide to run for public office, I will be one of your first contributors." I make the offer because I believe our students will efficiently, effectively and equitably use the tools of modern integrated marketing to carry their message to the public and because of my confidence in the next generation of Northwestern IMC graduates.



Clarke L. Caywood, Ph.D.
Publisher

LETTER FROM THE EDITOR

Those of us who tout the benefits of IMC use phrases like data-driven, customer-centric and multi-channel to describe the discipline's unique approach to marketing communications. And each year in the pages of this journal, authors share insights and examples about how these IMC tools and characteristics can be applied to the real world.

But something a little different happened this year. Along with some great abstracts about "traditional" IMC topics, we received a few abstracts that included an idea rarely talked about when discussing the inner workings of IMC: socially responsible practices.

I don't know why that is. Maybe it's David Letterman's constant jokes about Martha Stewart, CEO of Martha Stewart Living, decorating her Connecticut prison cell. Or maybe it's 9/11 still in the backs of our minds. Whether you think socially responsible business practices make the world a better place, are profitable or simply keep you out of prison, most of us agree they're important in today's marketplace.

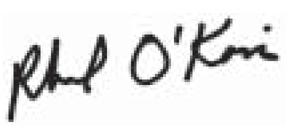
We know that our employees, our investors and our customers value socially responsible practices. We know that if our organization is socially responsible, it will generally increase its brand reputation and equity. Yet, most of us just assume that our organization is socially responsible. Few of us actively engage in activities that embrace and promote that responsibility.

Three articles in this publication directly or indirectly question that assumption. In the first article, "Cause Commerce: The Case for Advocacy Marketing that Aligns Corporate and Customer Interests," Rob Densen argues that businesses can proactively look at the social needs of a certain customer segment and launch campaigns to address those needs. Doing this strategically, he says, will grab them attention and market share.

Adam Froman's article, "Democracy Online: Can IMC Stimulate Disenfranchised Voters?" shows how IMC tactics can be applied to increase civic engagement, encouraging people to vote and improving the election process. Lastly, Jean-Paul James' "The Multicultural Paradigm" discusses the benefits of marketing to ethnically diverse consumer groups and recommends how to ensure communications are respectful and effectively add to the bottom line.

These three pieces are not the focus of this year's publication, but peppering them among the others broaches the question of whether social responsibility is just as important a tool as being data-driven or using a multi-channel approach. Whatever your opinion, our social edge this year might be just enough to get us all to stop assuming and to actively consider the possibilities for socially responsible IMC practices in a world that could probably use a little more strategic thinking in every industry or realm.

We are grateful to all of the insightful authors who contributed to this journal. Thanks also to the volunteer staff of hard-working IMC graduate students who put together this publication and our first annual conference. Thanks to the department for their support. And finally, thanks to our readers for your continuing interest in IMC and this publication.



Rachel O'Konis
Editor-in-Chief

Cause Commerce:
THE CASE FOR ALIGNING CORPORATE AND CONSUMER INTERESTS

Rob Densen

With case studies by:
Robert Finn
Cathleen Stahl

It isn't easy being in business today. Across industries, consumers expect the highest level of ethical behavior, community concern and customer care. The good news? Companies that can meaningfully demonstrate those qualities will win the public's confidence, loyalty and business.

Late in 2002, I informed my then 11-year-old son, Sam, that after 20 years on or associated with Wall Street I planned to start a consulting company that would work with major corporations on implementing "CSR" programs. Sam asked whether I had the necessary medical training.

Good question. A guy could get a hernia trying to budge Corporate America down the road to enlightened self-interest.

Sam's response unwittingly underscored some of the vocabulary issues in this emergent category. There are so many descriptions floating around the doing-well-by-doing-good space — corporate social responsibility (CSR), cause marketing, affinity marketing, cause branding, advocacy marketing, strategic giving — all in search of a common definition. In fact, meetings of cause marketers remind me of our annual family reunion, which brings together four generations and at least as many regional dialects (from New Jersey to Long Island to Latvia). You think you're communicating, but you really can't be sure.

It's not just the confusion of terms that's the problem; it's also the fact that none of the terms in current use adequately describe the true scope, thrust and impact of a well-executed program. These are not small marketing exercises but powerful, cross-functional strategic initiatives that can make a substantial contribution to a business and its reputation.

My son got me thinking: If the terminology is lacking, change it. So at Tiller, we've created a new designation — Cause Commerce™. By identifying and leveraging the social value of a company's products and services, we create programs designed to build a company's business, raise awareness and enhance its brand. Cause Commerce is, we think, a superior description for these programs. The term is active, exhortative and emphasizes the underlying customer and business focus of these programs.

Given what's gone on in the business world of late — from Enron to Martha Stewart, WorldCom to Global Crossing — the time is ripe for Cause Commerce. If you remember nothing else from this article, remember this: In this era of consumer apprehension and cynicism, those corporations that act in their customers' interest with conviction, business

Cause Commerce™ vs. Affinity Marketing

Cause Commerce™ represents a twist on more traditional affinity marketing approaches. Here are the critical ways in which Cause Commerce programs differ:

It's About the Business

Cause Commerce is about business building. In this era of consumer concern and outright skepticism, the best way to grow your business is by being a true and forceful advocate for your customers' interests.

Intrinsic vs. Extrinsic

Affinity marketing programs are associative in nature. They represent the old "Colored Ribbon" approach — find a worthy cause and associate your company with it. Cause Commerce focuses on issues or markets that are intrinsic or central to a company's business.

Advocacy vs. Association

Placing a charity's logo on a product or donating a percentage of revenues is not enough. Cause Commerce goes beyond basic association with a cause. Companies become true advocates, understand and proactively advance the interests of their customers over the long term.

Research as a Differentiator

Cause Commerce programs frequently use thoughtful public opinion polls as their foundation. Why? Because research is the best way to understand marketplace concerns and to credibly and meaningfully associate with an issue. These data provide invaluable market intelligence and provide a foundation for the PR outreach.

Give Smartly

While more and more companies are using their charitable giving budgets to forge an association with a worthy cause, it's critical to go one step further to build focused, proactive, charitable partnerships specifically linked to the Cause Commerce marketing initiative. Doing so allows companies to better advance their business interests. Charities benefit too, because by demonstrating the nexus between business results and charitable giving, Cause Commerce programs can actually increase the corporate appetite for giving.

A version of this article originally appeared in the Jan. 19, 2004 edition (Volume 60, No. 3) of *PR News*, published by PBI Media LLC.

smarts and earnest intent will grab attention and market share from those that hide in the shadows.

Mutual Interest

Cause marketing, affinity marketing, advocacy marketing or whatever the discipline may be called is a low priority in most corporations, if it exists at all. Too bad. The truth is, executed smartly and with conviction over time, these programs can have powerful, even transformational brand- and business-building effects. Companies and even whole industries ignore them at their own risk.

My experience in the mutual fund industry provides some worthwhile examples. From the media love-in and asset-accumulating bonanza of the late-1990s to the public slings and arrows of 2003 and 2004, few industries have experienced swings of public acclamation and condemnation like the mutual fund business. Let me offer two examples — one that illustrates the power of programs that successfully align customer and corporate interests and one example of what happens when customer and corporate interests are perceived to be out of alignment.

On September 11, 2001, a heinous terrorist attack brought down the World Trade Center. OppenheimerFunds, one of the nation's leading mutual fund managers, was headquartered in Tower Two. A non-proprietary fund company, OppenheimerFunds does not have its own sales force. It relies on other companies' advisors or brokers to sell its products.

On September 12, 2001, financial advisors faced numerous challenges in counseling their clients, including:

- Geo-political risk: Who knew what would happen next in the world?
- System risk: It wasn't clear when the stock and bond markets would open again and whether they would do so in an orderly manner.
- Market risk: It was very easy to envision a 1987-like market meltdown once the exchanges did re-open. Were investors capable of holding steady?

Advisors with clients in an Oppenheimer fund faced a substantial additional challenge-organizational risk. At the most basic level, it was unknown whether OppenheimerFunds would open its doors again and, if it did,

Case Study: OppenheimerFunds' Women & Investing Program

Cathleen Stahl
Senior Consultant, Tiller LLC

The early 1990s were an important and dynamic time for women in the United States, from the Clarence Thomas/Anita Hill hearings to the U.S. Senate elections of 1990, when an unprecedented six women were elected. Women were an emergent force in the business and political life of this country, yet they were largely ignored by the financial services industry.

In 1991, OppenheimerFunds was a second-tier asset management firm. Based on company research, the firm was eighth in sales among non-proprietary fund companies (firms that don't have their own salesforce and whose products are distributed by other company's financial advisors), with $17 billion in assets under management and no particular public associations or non-product marketing platforms. But the firm did have a female president, many female senior managers and a strong relationship with the financial press. OppenheimerFunds was naturally poised to take a leadership position on an issue dealing with women and investing.

The Issue

Research commissioned by OppenheimerFunds found that nine out of 10 women will be solely responsible for managing their own money at some point in their lives. While women were interested in investing, confident in their abilities and wanted to learn more, few were actively investing ("Women & Investing" survey). It was critical to get women more involved with their finances because economic and demographic factors specific to women posed significant challenges to their financial security: Women generally earn less than men, live longer and are often in and out of the workforce due to childbirth. Moreover, research found that women who were investing tended to be more conservative investors than men. The net effect: more years in retirement, less money earned, less money saved and lower investment returns due to less aggressive portfolio allocations. Getting women to understand and tackle these unique investment challenges became a mission at OppenheimerFunds.

The Strategy

There were three key components to OppenheimerFunds' strategy. First, research was key. We couldn't address the issues without understanding and delineating them first. We also knew we would need research to convince the media and finan-

continued on page 12

how well it would function. Wouldn't the prudent thing be to at least take some money off the table?

But advisors and investors not only kept their assets at OppenheimerFunds, they added to their accounts. In the months after 9/11, OppenheimerFunds experienced some of the best sales in its category and was among a handful of fund companies with net flows. In fact, according to OppenheimerFunds research, in the nine months from September 30, 2001 through June 30, 2002, OppenheimerFunds had greater net long-term fund flows — the amount of money coming into a company's funds minus the money going out — than all but two non-proprietary fund companies.

OppenheimerFunds was hit with a crisis of unimaginable proportions, yet its business remained healthy. Was this some miracle? No. Focus group research among investors in late 2001 showed that the OppenheimerFunds brand represented many of the qualities consumers rewarded post-9/11. Those qualities — a long-term perspective, customer care and concern, and integrity — were implicit in the company's longstanding tagline "The Right Way to Invest." In short, the corporation's interests were perceived to be in alignment with those of its customers.

Post-9/11, advisors and investors stood fast. But why did investors attribute these positive qualities to OppenheimerFunds? It would be a gross overstatement to say that OppenheimerFunds' advocacy marketing programs — most notably Women & Investing™ (see above) — were the reason the company's business held firm post-9/11. The company's longstanding "Right Way to Invest" advertising campaign, superior sales and service organizations and a focus on long-term investment performance clearly kept advisors and investors loyal to the company. But the company's advocacy programs, which had been highly visible and consistently executed over the previous ten years, played a critical role in delivering the company's brand promise and demonstrating to investors and advisors that OppenheimerFunds is a company that cares.

An Industry at Risk

Fast forward to the present. If ever an industry needed to prove it had the interests of its customers at heart, it's the mutual fund business, racked by a seemingly endless string of scandals and perceived self-dealing.

The current fund scandals represent a giant ethical disjuncture, a gaping misalignment between customer interest and industry interest. And some fund companies are paying a fearsome price. As a result of these scandals, financial advisors and their clients — more than at any time in the last three decades — are reassessing which companies they are going to invest with. That judgment has only something to do with performance. It has a lot to do with which fund companies they can trust and which companies they believe have investor interests at heart.

While industry trade groups and mutual fund companies wax eloquent on the underlying economic utility and value of the mutual fund and the benefits it provides, and their abiding concern for investors, you can count on one hand

OppenheimerFunds Case Study continued...

cial advisors of the depth and scope of the problem. OppenheimerFunds was determined to conduct the definitive piece of public-opinion polling on the topic.

Second, financial advisors would have a critical role to play if women were to be successfully engaged. We decided to deploy a push-pull approach — push the women's market to financial advisors and pull advisors toward the women's market.

Finally, we knew that high-level media attention would be critical to our marketing efforts. That's why we decided to give *Money* magazine, the nation's leading personal finance magazine, the first crack at our survey results.

The survey yielded groundbreaking findings, a June 1992 *Money* cover story and a stream of media coverage. A variety of parties emerged to educate, empower and tap into the women's market. Following the *Money* example, a wide variety of media took up the charge by bringing attention to the issue itself. Financial services firms followed suit. A number of public and private advocacy groups formed to focus on the issue of women and their money.

After convincing advisors of the viability of the women's market, Oppenheimer provided the information and sales tools they could use to educate and attract female clients. OppenheimerFunds' "Women & Investing" program — the first of its kind in the mutual fund business — included research, presentations, sales collateral, books, high-profile speaking engagements, Web content and strategic alliances with professional organizations and charities. Importantly, all these marketing activities took place under an umbrella of media coverage. Media coverage of insights from our survey heightened interest in and created demand for our marketing materials. The program was so successful at delineating the opportunity in the women's market that by the end of the '90s, nearly every firm on Wall Street had some sort of program aimed at women.

The Results

The business effects were powerful. Awareness of OppenheimerFunds and of our commitment to the women's market grew exponentially. OppenheimerFunds' number of female shareholders increased at an accelerated rate. OppenheimerFunds, which had little traction, became a top-four distributor among banks, whose customers skewed female, older and risk-averse at a time when banks were desperate for more fee income. Overall, the company's market share of sales more than doubled within a few years based on company research. OppenheimerFunds remained at the forefront of the issue, extending the campaign into the next millennium with a video, five- and ten-year updates of the original research, a book, *A Woman's Guide to Investing* (now in its third edition), and a charitable relationship with Girls Inc., one of the nation's leading advocacy organizations for girls. Today, thanks in part to "Women & Investing," OppenheimerFunds is one of the best-regarded firms on Wall Street and retains a strong association with the women's market. Most importantly, OppenheimerFunds has educated and empowered millions of women to take control of their finances.

Notes

OppenheimerFunds' "Women & Investing"™ Survey was conducted in association with The Wirthlin Group. May, 1991. 2,021 adults age 21 over, including 1,018 men and 1,004 men, were surveyed. The margin of error was +/- 2.2% for the total sample and +/- 3.1 for single-gender responses.

the number of mutual fund companies with effective advocacy platforms. In short, the industry has given journalists, legislators and regulators little to focus on beyond performance and corporate mis-steps.

If Not Now, When? If Not You, Who?

It's not just mutual fund companies that have failed to effectively and convincingly align their interests with those of their customers.

Harris Interactive and the Reputation Institute conducted a poll in February 2004 in which three-quarters of Americans described big corporations (their nomenclature, not mine) as "not good" or "terrible." And post-Martha Stewart, Enron, WorldCom, Tyco, Global Crossing, Adelphia and Parmalat, who can blame them?

It's always been true, but it's especially true now: You cannot proclaim your integrity or trustworthiness or concern, you must demonstrate it. It's not enough to walk the walk, you must stride the stride. Take your sword out of its sheath and be a forceful and relentless advocate for consumers on issues that are meaningful to them. If you do that, consumers will reward you with their business. Unfortunately, too many companies view advocacy initiatives as a compliance activity. Their approach is: "What's the least I can do to appear in compliance, both within the law and customer expectations, while keeping the protestors at bay?" It is not, "What can I do to meaningfully and compellingly demonstrate that I care about my customers?"

American business needs to win back customer trust. It is not a competition of words, but of informed actions. In this environment, 30-second product spots or full-page ads won't get companies where they need to go. Companies need to act. Revisions of business policies, practices and procedures are a nice place to start, but they are not the be-all and end-all.

Intrinsic vs. Extrinsic

Building a Cause Commerce program begins with the identification of an issue that is central to a company's business and important to its customers. Research on the public's knowledge, behaviors and attitudes about this issue serves as a foundation for a robust public relations program. An integrated marketing campaign (Web site, collateral, presentations, sales training and, frequently, a charitable giving component) is launched simultaneously with the PR campaign to educate and capture customer interest.

Companies are slowly beginning to understand the wisdom of choosing issues and causes that combine corporate interest and customer need and advancing them smartly and constructively. Sidebars to this article discuss OppenheimerFunds' "Women & Investing" program and a new initiative at Sears, Roebuck directed at women homeowners. There are others, from Coppertone Suncare Products' "Block The Sun, Not The Fun" program conducted in conjunction with Scholastic and The Skin Cancer Foundation to Crest's "Healthy Smiles 2010" initiative with the Boys and Girls Club. All of these are programs that advance customer well-being, while appropriately and contextually highlighting and generating interest in company products and services.

Pogo Was Right: We've Met the Enemy and It's Us

These programs are the proverbial win-wins. There is a corporate benefit at the same time that a public interest is advanced. You'd think it would be the Golden Age for such programs. It isn't. Yet.

Part of the issue is that Cause Commerce programs constitute a different way of thinking for Corporate America. The notion that a program could make a meaningful contribution to a corporation's reputation and bottom line while helping customers is somehow, well, counterintuitive.

The other part of the issue is that Cause Commerce programs require corporations to act differently. Change is good, but it's also hard. There are formidable challenges to the disposition and ability of many corporations to execute these programs. These programs require:

- A genuine commitment to the issue or market: The public's antennae are up. These can't be empty exercises or crass marketing conceits. Companies need to demonstrate a real

Case Study: Sears' Women Homeowners Program

Robert Finn
Senior Consultant, Tiller LLC
Sears, Roebuck and Co.

In many ways, Sears, Roebuck and Co. is the quintessential American retail success story. Sears began at the end of the 19th century as a watch dealer and quickly transformed into a mail order supplier to rural farmers. Today, Sears is a multi-billion dollar full-line retailer, offering everything from lawnmowers to tools to refrigerators to cable-knit sweaters. The company has several category-leading brands, including Craftsman tools and Kenmore appliances. Lesser known is the fact that the company's Home Services Division is the largest of its kind in the country. Each year, 10,000 repair technicians service over 14 million appliances, lawn equipment and other items regardless of where they were bought.

The Issue

In 2003, the company conducted research in conjunction with its "American Dream Campaign," a multi-year initiative designed to encourage homeownership among minorities. The research showed that Americans enjoyed taking care of their homes and were actually quite good at it. Eighty percent of American homeowners gave themselves a grade of "B" or better in home maintenance (Sears Homeowners Study, July 2003). But the data also pointed to a gap between men and women in their knowledge, skill and behavior in relation to home maintenance.

This gap was worrisome. As we found out, more than eight in 10 women have been, are or expect to be solely responsible for maintaining a home (Sears Homeowner Study, April 2003). Fannie Mae, the nationwide mortgage lender, projects that households headed by women will total nearly 31 million — or close to 28 percent of all households by 2010. Unfortunately, many women assume sole responsibility for home maintenance in the aftermath of divorce or the death of a spouse — not an ideal time emotionally to be assuming these responsibilities. Since most consider their homes to be the primary financial asset in their households, properly maintaining it is critical to maintaining or increasing its value. The survey also found that women are more than twice as likely as men to use repair and service professionals.

Sears decided to further focus on the issue of women and home maintenance. In March 2004, the company commissioned Tiller and Mathew Greenwald & Associates to conduct a survey of 300 married, co-habiting homeowners and 300 single women homeowners. Some results were encouraging. More than two-thirds of women homeowners considered themselves at least "somewhat handy" and 61 percent said they enjoyed home maintenance. But the research also showed that in 44 percent of married or co-habiting households, the husbands or partners were solely responsible for home maintenance. In addition, 49 percent of single women homeowners and 35 percent of married women were concerned they wouldn't be able to keep up their homes in coming years. And although women were interested in hiring outside repair professionals to assist in maintaining their homes, they had reservations. Ninety-four percent of women were concerned about getting a fair price and nearly two-thirds (63 percent) said they were concerned that they would be charged for more work than needed to be done (Sears Homeowner Study, July 2004).

Our surveys underscored an obligation for those of us in the home-services industry to help women develop a stronger foundation of knowledge about home care.

The Advocacy Program

The need for an advocacy program around the issue of women and home maintenance was clear. Not all homeowners — women and men alike — need to be able get up on the roof or even know how to change the filter on the heating system, but all homeowners need to know when maintenance is required and how to find someone to do it.

The goal is to call women's attention to the need to maintain their homes and to provide them with the education and resources to do so, while creating awareness of Sears' commitment to deliver an exceptional service experience. The program rests on three core components: an active public relations effort, a robust Web site and enhancements to service offerings.

The Outreach

Sears' advocacy outreach is currently unfolding. High-profile media coverage has been key. Our research results were the focus of a column in the July 2004 edition of *Money* magazine and were featured in a week-long series about women and homeownership on NBC's *Today Show*. The research was also the basis of an article in the national Sunday newspaper supplement *USA Weekend* and was the focus of stories in major daily newspapers from Philadelphia to Chicago to San Jose. Tele-

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Sears Case Study continued...

vision stations in many major markets carried reports about the research, as did many leading women's and home improvement magazines.

Sears has focused much of the program around a special Web site (www.SearsHome101.com) created to communicate the importance of timely home maintenance, while providing homeowners with information and resources. The site offers a wealth of information including an interactive home, a checklist of home maintenance items organized by month, a helpful guide for hiring repair professionals, links to other useful sites for homeowners and an "Ask The Expert" feature. The site also includes the "Ultimate Home Quiz," where visitors can test their knowledge, answering many of the same questions asked in the nationwide survey. Early response to the Web site has been encouraging: Thousands of visitors a week spent an average of more than four minutes on the site and visited multiple sections.

Furthermore, Sears used the information and insight from the survey results to design the site to better meet the needs of their female customers. For example, women homeowners are generally wary of hiring outside service professionals. As a result, Sears developed a "Sears Service Pledge," a customer "bill of rights" that clearly and specifically articulates what a customer can expect when a Sears repair technician arrives at her home. Survey results also indicated that women are interested in learning more about home maintenance. Therefore, technicians are encouraged to spend more time with customers to explain the reasons for the repair and provide maintenance tips and suggestions. Sears also integrated repair and maintenance advice into advertising, Internet and customer-relationship marketing efforts. Finally, survey results revealed that women are frequently the primary decision-makers when it comes to home repair projects. As a result, Sears is focusing on improving all aspects of customer service, including punctuality, courteousness and scheduling availability.

This is clearly a case study in the making. The program is less than six months old, but this much is certain: Women homeowners are critical to Sears. This "Women's Initiative" is not a short-term, marketing exercise, but an ongoing, enterprise-wide commitment to satisfy customer needs and exceed customer expectations.

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understanding of customer needs and concerns and a genuine commitment to meaningfully address them over time, including:

- A multi-year perspective: Cause Commerce programs don't work with a quarter-to-quarter mindset. You can't proclaim your advocacy around an issue one day and not be there for your customers the next.
- Integrity: Thomas Carlyle once wrote, "there's nothing more terrible than activity without insight." It's tough to address customer needs and concerns if you don't know what they are, which is why Cause Commerce programs need to be research-based. The problem is, you don't always know where the data will take you. Wherever the data points, you must be prepared to go.
- Organizational alignment: These programs are the ultimate in integrated marketing communications and work best when they are embraced enterprise-wide, with a clear understanding of their relevance and of the benefits to the customer and to the business alike. They frequently require departments to share goals, data,budgets and thinking. And that's not always easy.

Cause Commerce is about active and consistent advocacy and communication in association with socially meaningful business issues. It is designed to create powerful marketplace associations and generate strong interest in a company's products or services. Because Cause Commerce programs are cross-functional and long-term, and require consistency in thought and deed, they can be slow to take hold. But because they align corporate and customers interests in a way that creates real value to a business, they will grow in scope and number.

Then again, there's the perspective of business analyst and social critic, Sam Densen. One night, not long after Tiller had opened its doors, I was tucking Sam in. We hadn't talked for five or six minutes and I was sure he was asleep. I was readying my departure when he rolled back toward me and proclaimed, "You know, Dad, Tiller will never work." Two years later, Sam may just be wrong.

Rob Densen is chief executive officer of Tiller LLC, a leading advocacy marketing and communications company based in New York City. Prior to forming Tiller in February 2003, Rob served for 11 years as senior vice president and director of corporate affairs at OppenheimerFunds Inc. (OFI). At the $150-billion asset manager, he was responsible for advertising and brand management, media relations, employee and executive communications and charitable giving. In addition, Rob instituted and directed OFI's landmark "Women & Investing" program. In March 2003, OppenheimerFunds' public relations team was named the best small PR department in America by *PRWeek* magazine. Rob can be reached at rdensen@tillerllc.com.

Marketing's Neo-Renaissance:
AN OPPORTUNITY FOR TOMORROW'S MULTI-CHANNEL INTEGRATED MARKETER

William Misloski

"The business of advertising is under extraordinary pressure. Digital technologies, shifting consumer behavior and demands for accountability threaten — in some cases already have damaged — decades-old business models." Bradley Johnson, AdAge

The Marketing Neo-Renaissance

For the past 10 years, the benefits of one-to-one, relationship marketing, customer relationship management, database marketing, targeted marketing and a handful of other terms have been shouted from the rooftops as a means to describe the uniqueness of communicating with your customers for an ultimate relationship. But has anyone been listening?

Sure, some have, but only a few. We continue to open our Sunday newspapers to the bombardment of free-standing inserts. We are exposed to TV commercials that are relevant to only a handful of us. And we see identical print ads running in a golf, business or knitting magazine. Certainly the audiences that read these publications differ in some way? Couldn't advertisers benefit from tailoring their messages to be relevant?

The age of new marketing isn't much different than preparing for the millennium. There were those companies that got their computer systems in order and survived. And then there were others that ignored the warnings and weren't as successful. The same is true with the recent marketing warnings. Those companies that listen and adjust their marketing techniques to be customer-driven will excel in the new age. Those that continue to believe that mass marketing is not dead will face even greater challenges.

What is the Marketing Neo-Renaissance? It is successfully connecting with a prospect/customer by sending not only the message they want to hear, but also when and where they want to hear it. The era of integrated multi-channel marketing is here, and the consumer is calling the shots.

The Age of the Consumer

Traditional marketing has to adapt and evolve as we enter a new era where consumers determine where, when and how they will consume media — in fact some have called this new era the age of the consumer. Consumers are now in full control of their media consumption, which no longer leaves them at the mercy of unwanted marketing messages.

Success for traditional marketers can no longer be determined by simply reaching out to a mass audience through a mass medium. Today's audiences are too fragmented among personal interests and multiple media outlets, such as the Internet, e-mail, video gaming, in-store kiosks, etc. Similarly, one-to-one marketers need to adapt more than just a message. Successful marketing goes beyond knowing that someone is interested in golf, and therefore catering a message by incorporating clever words such as "fore" and "green."

Consumers now take full advantage of the new media options available to them, such as video on demand, the Internet and video games, and often consume several media simultaneously, such as TV and the Internet, video games and music, and magazines and DVDs. The challenge for marketers in this new era is to understand target audiences so intimately that they can incorporate marketing messages into the audiences' lifestyles without being a distraction. Once a marketer becomes a distraction, the consumer may turn them off forever.

As media options expand, consumers are gravitating toward media with content that is most relevant and interesting to them.

Herein lies the opportunity for multi-channel integrated marketers.

The bedrock of integrated marketing communications is having a thorough knowledge of one's customers. It will be the marketers who understand their customer's media consumption habits, lifestyle interests and purchase behavior who will survive and thrive in the coming age.

By thoroughly understanding consumers and coupling that knowledge with an integrated multi-channel strategy, integrated marketers will be able to reach their audiences in more relevant ways than ever before.

Emerging Trends

Consumers Have Control

Prior to the early '90s, it was easy for marketers to access a niche audience through mass or semi-targeted channels (i.e., direct mail or e-mail).

With the evolution of the Internet and advances in home technology, consumers can now easily eliminate marketing messages by skipping or deleting them, ultimately giving them control over marketers' use of communication channels.

Moreover, consumers have access to more information. The Internet has started a free flow of information giving consumers the ability to compare pricing, negotiate and then make a purchase from anywhere, at anytime. No other medium in history has ever given consumers this much freedom and power.

Like the Internet, personal technology for the home has taken on new forms, including DVRs (Digital Video Recorders i.e., TiVo), satellite radio and video on demand. This has essentially eliminated TV commercials and turned traditional media on their heads. Consumers can now consume their media on their own terms on their own time. Joseph Jaffe of iMediaConnection has termed this as "prime time becoming 'my time'" for the consumer (Jaffe, 2004).

Expanded Media and Fragmented Audiences

There has never been a time in history where consumers have had so many different channels to consume, including video games, digital cable, the Internet, satellite radio, DVRs, iPods, video on demand, DVDs, special interest magazines and personal computers.

As media options expand, consumers are gravitating toward media with content that is most relevant and interesting to them. This has begun to give traditional marketers a headache, because audiences are being scattered around the media landscape in very small niche groups.

In fact, a survey conducted by the American Advertising Federation in 2003, showed 80 percent of the advertising executives surveyed believed that audience fragmentation is the biggest challenge facing the ad industry today and will continue to be in the future (Consoli, 2003).

A 2003 *Fortune* magazine article, "Power Shift," says that in 1995 it took three TV commercials to reach 80 percent of women aged 18 to 49. In 2000, it took 97 TV ads to reach that same group (Boyle, 2003).

Accountability

Marketers are being held to the bottom line, compensation is being tied into performance and every marketing dollar spent needs a measured return on investment or ROI. In order to ensure these quantitative measures are met, there needs to be a significant marketing investment in tracking and measurement applications.

The Information Age has shown a proliferation of tracking mechanisms and metrics that marketers can use to measure ROI and performance across multiple marketing campaigns. These mechanisms are primarily based on an Internet protocol where a purchase or action can be measured for performance in real time. The success of measurement in the online world and the pressure to perform for the bottom line has pushed marketers to look for ways of measuring ROI on all traditional marketing investments.

A Shift in Communication Structure for the World's Largest Brands

As mentioned, not all marketers have had their eyes closed to the warning signs on the horizon. In fact, over the last year, some of the world's largest brands have declared profound changes to their traditional marketing methods.

Proctor & Gamble

In February of 2004, Jim Stengel, global marketing officer for Proctor & Gamble (P&G), said in a speech to an audience at the American Association of Advertising Agencies (AAAA) Media Conference, that "we are still too dependent on marketing tactics that are not 'in touch' with today's consumer."

Stengel went on to outline three guiding principles that P&G will follow for future marketing communications (Stengel, 2004).

- Holistic marketing: "There must be life beyond the 30-second TV spot," explained Stengel. "Brands that rely too heavily on mainstream media will lose touch." Stengel envisions a world where both new and traditional media come together to effectively reach consumers.
- Permission marketing: Stengel described "permission marketing" as a state of mind across all aspects of marketing rather than as a tactic. The goal for future marketing initiatives is to create messages across all elements of the marketing mix that are so compelling that consumers invite marketers into their lives.
- The need for measurement: Stengel talked about "holistic marketing" driving the industry forward, but up to this point the metrics have not been put in place to measure its effectiveness. Stengel announced that P&G would be an innovator in measuring holistic marketing and its influence on consumers' purchase intent.

In summary, Stengel indicated that the "traditional marketing model is obsolete" and it will be the models created within the new media that will enable P&G to connect with customers in ways that are more relevant and (before now) never considered possible. Consumer packaged goods companies could always rely on the 30-second TV spot to reach their audience and never had to delve into one-to-one communication. With the advances in technology and customer control over the media, P&G has finally realized there is a need to change their strategy. By the reallocation of dollars, P&G no longer has to rely solely on in-store or mass media advertising. There are now ways within the online sector to not only reach masses, but track investment, build brand equity, loyalty and lifetime customer relationships. The ability to cost-effectively reach masses and build meaningful relationships was not something readily available to consumer packaged goods companies in the past.

American Express

On May 17, 2004, the *Wall Street Journal* ran an article titled "For Big Marketers Like AmEx, TV Ads Lose Starring Role." The article discussed the plight of the 30-second TV spot, as several large marketers shift their advertising budgets into alternative marketing methods (Vranica, 2004).

The article focused on American Express, stating that in the early 1990s, American Express spent nearly 80 percent of their marketing budget on advertising. Today, American Express spends only 35 percent of their marketing budget on advertising. In a recent speech to NBC advertising sales executives, John Hayes, chief marketing officer for American Express, indicated that the days of a traditional advertising media buy are "woefully over" (Vranica, 2004).

American Express has been deviating from traditional marketing methods for the past several years. In 1999, American Express started the shift away from television with the launch of their Blue card. The launch was supported with alternative methods such as sponsorship of a Sheryl Crow concert in Central Park, the placement of Blue labeled water bottles in health clubs and Blue ads printed on millions of popcorn bags at movie theaters.

Recently, American Express launched a series of online "Webisodes" — commercials exclusively aired online — featuring Jerry Seinfeld and Superman. These Webisodes drew in over two million viewers within the first two months. Additionally, American Express has launched a "museum-style" touring exhibit featuring photos of celebrity sponsors in their original print advertisements. To generate traffic for the exhibit, American Express communicated to local hotel concierges about the event, resulting in long lines at every exhibit (Vranica, 2004).

McDonald's

Over the last year, in both a speech at Ad:Watch 2004 (an industry conference for top advertisers and marketers) and an interview with *BusinessWeek*, Larry Light, McDonald's chief marketing officer, has declared "the end of brand positioning as we know it" (Light, 2004).

Instead of using one execution for one big idea, Light envisions taking one big idea and presenting it to consumers in a "multidimensional, multilayered and multifaceted way," such as the "I'm Lovin' It" campaign. Light has called this new way of marketing for McDonald's "Brand Journalism," where McDonald's tries to communicate with consumers individually over a period of time across a multitude of media (Arndt, 2004).

The "I'm Lovin' It" campaign speaks distinctly to different audiences based on age group, lifestyle, interests and cultural preferences. It is with this "Brand Journalism" that McDonald's is able to weave into consumers' lives and catch their attention at the most niche level.

Light does not see an end to the use of prime-time media for marketing, but he does believe that the mass market is a thing of the past. He also believes new media channels must be utilized in order to reach consumers on an individual level, using technology that enables marketers to reach out in more personalized ways. Light believes that consumers no longer want to be considered part of the mass market, but they want to identify as individuals within smaller groups. He calls this "the age of I" (Arndt, 2004).

The changes in the marketplace have caused McDonald's to shift their marketing budget from two-thirds prime time media to two-thirds alternative channels, such as product placement, advergaming (advertisements within video games) and integrating their message into pop culture music.

New Media Options: Leading the Revolution

The disciplines within integrated marketing communications used to be as simple as direct marketing, advertising, public relations and sales promotion. Though those disciplines are still very useful, the strategies with which to achieve these tactics have been dramatically altered. There are now Internet tools equivalent to the traditional marketing tools.

Traditional Tactics	New Age Equivalent
Print ad	Web banner ad and/or advergaming
TV commercial	Webisode coupled with word of mouth
Direct mail	E-mail
Press release	Search engine marketing and/or blogs
Sales promotion	Behaviorally targeted pop-up advertisements

One might think that the only thing that differentiates the new age from the traditional tactics is that fact that the new age tactics are online based. It is true that the new age tactics are online, but the fundamental difference between the two eras is the inherent tracking ability involved in each of these new tactics. Within the "new age" column, not only is each tactic trackable in terms of response, but some are also trackable in terms of "views," pass-alongs, click-throughs, etc. For example, a view would be how many times someone actually opened the e-mail to view it, a pass-along is tracking how many times that person forwarded the message and a click-through rate is how many times a person clicked through the e-mail itself. Under the traditional column, direct mail is the only semi-trackable tactic, and even this is limited to actual response. You aren't able to tell if a consumer opened the piece of direct mail, only if they responded.

Let's explore the power of this new era with a discussion of some of the tactics mentioned above.

Search Engine Marketing

Search engine marketing (SEM) has emerged as the star of interactive advertising. It's quickly measured, cost effective and easily optimized in real-time. If a search campaign is not performing to predetermined metrics, it can simply be replaced with a new creative message or turned off completely.

According to eMarketeter, SEM grew from a $927-million industry in 2002 to $2.3-billion industry in 2003, making SEM one of the faster growing mediums of all time. Further estimates by eMarketer project that the SEM industry will reach $5.6 billion in revenue by 2008 (eMarketer, 2004).

SEMPO (Search Engine Marketing Professional Organization) defines SEM as the act of marketing a Web site via search engines (Google, Yahoo, MSN, etc.). This may include technically improving a Web site so that it will be found by a search engine's algorithm and placed into natural listings; paying for inclusion in natural listings; or paying for placement (sponsored listings). SEM can be made up of any or all of these three techniques.

For example, a consumer that is in need of office supplies might type the term "office supplies" into Google. The resulting page would display links to Web sites for the top office supply companies both in the "natural" listings and in the sponsored listings. In its simplest form, natural listings are considered anything that comes up on a search engine's results page simply based on Web site key words and meta tags, rather than being sponsored or paid for. It is SEM working in the background for the office supply companies, insuring top placement on the results page.

The three tactical components of SEM, defined by SEMPO, are:

- Search engine optimization (SEO): The act of altering a Web site so that it does well in "organic" or "natural" listings of search engines. SEO enhances a Web site's architecture so that it will become highly visible to search engines that use algorithms to gather relevant results. At the most basic level, a company would go about this by enhancing the meta tags on its site, i.e., by populating the tags with very specific key words. For example, an outdoor catalog might have meta tags such as outdoor, clothing, rugged, wilderness, etc.
- Paid inclusion: An advertising program in which pages are guaranteed to be included into a search engine's index in exchange for a fee. Paid inclusion is an additional way to ensure visibility in the "organic" or "natural" sections on the search results page. High placement can't be guaranteed with this method.
- Paid placement: An advertising program in which listings are guaranteed to appear in response to particular search terms, with a higher ranking typically obtained by paying more than other advertisers for that keyword or term.

Advergaming

Marketers have noticed that video games are becoming a way to reach consumers with their brands by using product-placement advertising within video games. Advertising within video games enables marketers to reach a large audience, especially those consumers who fall into the evasive and lucrative 18- to 34-year-old market.

The numbers speak for themselves with regard to the reach and potential of this medium. According to Jupiter Research, there are currently between 36 and 40 million players of computer and video games. This number is expected to reach 62 million by 2009, with 40 percent of these players falling between the ages of 18 and 34. The average age of the current console video gamer is 28. And interestingly, 43 percent of online video game players are women over the age of 35. PricewaterhouseCoopers forecasts that video game software sales in the United States will reach $35.8 billion in 2007, up from $21.2 billion in 2002 (Kane, 2004).

Advergaming has the advantage of being non-intrusive when positioned naturally in the video-gaming environment. Video game product placement differs from TV and movie product placement because it is not as obvious and interruptive. The advantage of product placement within a video game is that the product takes on a life of its own. According to Gary Stein, senior analyst with Jupiter Research, there are three ways to integrate product placement into the gaming media: in-game billboards, integration into game play and integration of the brand or product into the storyline (Rodgers, 2004).

Examples of companies that are currently marketing within video games include: McDonald's in Tony Hawk's Underground, Honda's Element brand in the game SSX 3, Sony Ericsson in Tom Clancy's Splinter Cell and Old Spice's brand Red Zone in the NCAA Football 2004 video game.

Agencies have even gotten into "the game" with the creation of separate units that focus on integrating their clients' products and brands into video games. In mid-2003 Starcom Media Vest Group launched SMG Play and recently Young and Rubicam launched Bounce Interactive Gaming (BIG).

As video games integrate further into online-networked environments, marketers can expect the use of dynamic product placement with multiple brands being switched in and out of the advertising space on the fly. In a networked video gaming environment, marketers will be able to track the number of exposures/impressions of their ads in real time.

Word-of-Mouth, Buzz and Viral Marketing

Word-of-mouth, buzz and viral marketing are not new, but there has been a heightened awareness about these techniques as marketers search for alternative methods to reach consumers. In a recent survey conducted by Intelliseek, U.S. consumers were asked how much they trusted 21 types of marketing channels. "Recommendations from other consumers" ranked the highest of all marketing channels with 87 percent of U.S. consumers indicating that word of mouth is the most trustworthy marketing channel (eMarketer, 2001).

Proving that word of mouth has become a successful tool in the alternative marketing toolbox, P&G launched an internal group called Tremor (Tremor, 2004). Tremor has identified over 300,000 teenagers that they consider "thought leaders" or "influential" to their peer networks. These influential teens are then given first access to products, music, movies and fashion, in hopes that they will become enthusiastic enough to spread the word to their network. Because of its success with teen influencers, Tremor has recently announced that it will begin to recruit 400,000 to 600,000 mothers who are considered influencers or thought leaders within their peer groups.

Word-of-mouth, buzz and viral marketing are not new, but there has been a heightened awareness about these techniques as marketers search for alternative methods to reach consumers.

Marketers have taken notice that word of mouth has become a powerful way to reach audiences, and both the Viral + Buzz Marketing Association (VBMA) and Word-of-Mouth Marketing Association have been created. Both organizations will strive to become advocates for the best practices and successes of viral marketing.

According to Justin Kirby, founder of the VBMA, viral marketing will be used as a synthesis between word-of-mouth and advertainment branding campaigns over the next three to five years (Rodgers, 2004). This technique has already been used with the recent "subservient chicken" campaign (Web site that allows consumers to command a person dressed as a chicken to perform various tasks) from Burger King, which promotes the release of its Tender Crisp chicken sandwich; the BMW short films that are featured exclusively online; and the American Express Jerry Seinfeld/Superman online-only four-minute video.

A testimony to its success, Burger King's www.subserviantchicken.com received 46 million hits within the first week (Elliott, 2004). This type of marketing allows consumers to experience the brand on their own terms, while at the same time being entertained. The subservient chicken campaign is different, grabs our attention, and gets us talking to others about it, thus serving its purpose — making us so enamored that we go out and spread the word, essentially promoting the brand.

Behavioral and Contextual Targeting

The true promise of online advertising is in sending the right offer at the right time during the purchase decision cycle. Behavioral and contextual targeting are somewhat new methods of online marketing where marketers can offer relevant messages to consumers in real time.

Contextual advertising gives marketers an opportunity to reach consumers based on the content of the information that the consumer is currently viewing online.

For example, a consumer is researching vehicles that have proven to be safe based on crash tests and is searching for articles about vehicle safety on a popular automotive vertical Web site. A vertical Web site is simply anything that pertains to a particular niche, such as automotive, crafts, etc. As the consumer starts to read the safety articles that have appeared, various blocks reserved for marketing messages will start to fill in with messages from the automotive companies whose cars are featured in the article. There might also be a message from the Michelin Man touting the "safest tire on the road" or a marketing message from OnStar letting consumers know "that you are always safe because OnStar is always there and ready to assist."

Behavioral marketing is different than contextual marketing and is based on tracking the surfing and searching patterns of a consumer (called "click-stream" data) and then displaying ads in relation to those patterns. For example, a consumer may spend time viewing and researching articles in relation to automotive safety, while from time to time clicking on links about SUVs. Simultaneously, the technology in the background will follow this consumer around displaying ads for the Volvo XC90 (Volvo's SUV), tying in both the safety and SUV themes. Volvo may have requested to serve these specific ads to those whose surfing patterns showed interest in these specific topics.

Broadband Video Advertising

True online advertising — advertising more similar to what is seen on TV — has been talked about and been in development for years with little success. One thing starting to change all of that is the increased penetration of broadband connections in the home and workplace. Recent research indicates that close to 40 percent of households with computers have connections to the Internet via broadband. With this recent trend, publishers and their advertisers can now provide online video-based content.

One publisher that has found success with this model is ESPN.com with their ESPN Motion application. ESPN Motion is a proprietary system that users download in order to catch up on sports highlights or commentary that they may have missed throughout the day. In exchange for content, consumers are exposed to 15- or 30-second advertising clips from various sponsors. ESPN Motion's advertisers have grown to about 30 this year from about 12 last year. Advertisers include Budweiser, Gatorade, various movie studios and soft drink companies. At this point, ESPN Motion is able to deliver close to one million ad views per day (Weeks, 2004). Other publishers who are staking their ground in this new landscape are Foxnews.com, AtomFilms and MSN Video.

Conclusion

Marketing communications are radically changing as the Internet and media technology weave their way into our lives and lifestyles. Traditional marketing has lost its reach and effectiveness with mass audiences.

It is the core concepts of integrated marketing communications that will drive success in this new marketing landscape. We must first understand our audience and where they choose to consume media; we must then understand how to integrate our core message throughout myriad new channels; and finally we must know how to effectively communicate our core message at the time and place where our stakeholders are most receptive.

The following will help marketers successfully join the era of the consumer:

- Know your customer – know their lifestyle interests, product consumption behavior, purchase behavior, media consumption habits, demographics, motivations and attitudes.
- Establish pertinent product offerings and relevant communications.
- Establish and maintain a strong brand.
- Design creative that stands out from the competition.
- Give customers something to talk about (encourage word of mouth) and the customers will become your sales force.

In the past, it was okay for marketers to put all of their resources into one channel of communication because the message would reach enough of the mass audience to drive business. In this new environment, marketers have to integrate communications across multiple channels and tools at opportune times in order to reach the same critical mass that drove businesses in the past.

If we as integrated marketers embrace the trends of the Information Age and utilize our core concepts across multiple channels, we will reach our audiences effectively. Not only will we survive in this new environment, we will thrive.

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Democracy Online:

CAN IMC STIMULATE DISENFRANCHISED VOTERS?

Adam Froman

The first pilot test of Internet voting in a major municipality in North America took place during the November 2003 municipal election in Markham, Ontario, Canada, an affluent town of more than 200,000 just north of Toronto. An integrated marketing communications (IMC) campaign was crucial to getting the vote out. In this case study, Adam Froman shares insights from the Markham election's IMC campaign and explores the opportunity for electronic media to contribute to future elections.

"Walking the Talk" with Non-Voters

The first pilot test of Internet voting in a major municipality in North America took place during the November 2003 municipal election in Markham, Ontario, Canada, an affluent town of more than 200,000 just north of Toronto. An integrated marketing communications (IMC) campaign successfully drove the voting process and proved the importance of communications in affecting societal change.

It is perhaps not surprising that Markham was the continent's first large town to embrace the online voting technology of Election Systems & Software of Omaha, Nebraska. Markham calls itself the "high-tech capital of Canada" and has successfully recruited a number of high-tech businesses, including IBM and American Express, many of whose employees call Markham home. The population is affluent and educated. Eighty percent have computer access and approximately 60 percent of all eligible voters have broadband access. Sheila Birrell, the town clerk, is responsible for managing municipal elections in Markham. As she put it, "This town hall needed to walk the talk."

Like governments across North America, Markham administrators were aware of the demographic trend that threatens democracy itself: Younger people are far less likely to vote than older people and people who have never voted

Table One

Analysis of Average Voter Turnout in 2000 vs. 2003

Criteria for Average Change of Voter Turnout	Average % Change from 2000
Markham Mayor wins by 80 % of the votes	-1.5
Municipalities >100 registered voters	-2.57
Municipalities where incumbent won	-3.84
Municipalities where incumbent won by >50% of votes	-5.72
Municipalities where incumbent did not run/win	-0.74
Municipalities where mayor won with ≤20 % of votes	-1.17
Municipalities where mayor won with ≤10 % of votes	3.26

Source: Delvinia Interactive Analysis

Markham's voter turnout in 2003 was only 1.5 percent lower than in the 2000 election, despite the landslide of Mayor Don Cousens. In other municipalities where the incumbent mayor won by more than 50 percent of the vote, turnout dropped by more than 5 percent.

are less likely to start. Plot the curve out 50 years, and there's a frightening possibility that apathy will kill the instrument of our freedom.

Markham officials hoped that using new technology would attract younger voters as well as those who found it physically difficult to get to the polls. "We believed Internet voting would make it easier for all Markham citizens to vote — including the elderly, the disabled, those who commute home to Markham after the polls close and those out of the country during the election period," Birrell explained. Also, municipal elections in Ontario fall in November, one of the dreariest months of the year. In the past, when Election Day is cold or wet, many people who intended to vote just stayed home.

Typical Canadian voter turnout for municipal elections is about 28 percent. Markham officials feared that two factors unique to the 2003 voting cycle would cause even more voters to stay away. The first factor was that four weeks before the town vote, a hotly contested provincial election would be held. Would the much-discussed (but little-proven) theory of "voter fatigue" materialize, keeping people away from the ballot box in the second election?

A second characteristic of the 2003 election was clearly not speculative: Markham's popular, long-term incumbent mayor had an opponent with less experience. Mayoral races are generally the draw for municipal voters, and voter participation rates typically fall precipitously when the incumbent mayor is a shoe-in for re-election. (See Table One)

One other issue complicated Markham's embrace of Internet voting. When Markham's York Regional Municipality confirms and updates the voters list, it must manually consolidate the master list with the list of voters who registered online. The list must be final before Election Day so Internet voting could only be offered during a seven-day advance polling period which ended the Friday before the Monday election. We expect that as Internet voting catches on, the guidelines will be amended to allow all voter lists to be managed and reconciled electronically.

Defining the Task

Delvinia was hired to deliver Markham's 2003 Voter Outreach Campaign. Our task was clear: Encourage people to vote, let them know they can do so online for a seven-day period before Election Day and then track what they do.

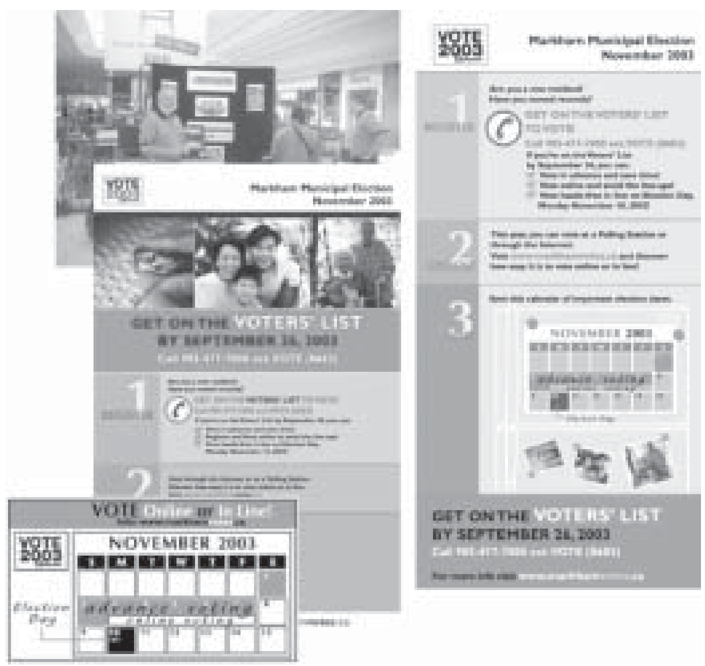
But our task was not simple. We had to communicate with everyone of voting age in Markham — 158,000 people from 18 to 100 years of age, about half of whom were first — or second-generation immigrants. While we had no firm data, the town clerk's office believed many of these "new Canadians" thought voting was too complicated and not worth the bother.

Designing the Task

Key Messages

"Make voting easy to understand" — that was the mission of Delvinia's Steve Mast, vice president and managing director of interactive marketing, and Rachel Bandura, interactive marketing specialist and Markham project's team leader. Under Mast's strategic direction, Bandura and our Delvinia team began the brainstorming process by pretending we were Markham citizens who had never voted. Bandura and a creative team of four Web designer-architects, a graphic designer and a copywriter flip-charted everything a voter needed to understand and do in order to cast a ballot. We numbered all the steps and directions, and then found a way to group the information into broad categories. This eventually turned into the slogan: "Voting is as easy as 1-2-3." Just Register, Choose and Vote. The graphic treatment reinforced the simplicity of the voting process by showing a large numeral knocked out of a block of vivid color. (See Figure A)

Figure A



Simple messaging and clean design reinforced that voting was as easy as, "1-2-3."

Step 2, Choose, focused on the second key message: You can choose to vote "online or in line." Since the 2003 election marked the first time Markham had invested in a sophisticated integrated marketing communications campaign, we had the freedom to create an identity for the election materials that would be strong enough to brand future municipal elections as well. It was the sort of luxury marketers dream about!

Once Bandura and the team had a feel for the creative direction that would engage the electorate, Mast established detailed metrics to monitor the initiative's progress. Campaign design and project management practices were tracked against broad metrics categories including time, cost and human factors.

The Communications Mix

Our tactical plan had two objectives: Raise awareness and provide information about how to vote online. In the first instance, Delvinia employed a range of tactics. We conducted traditional advertising and media relations campaigns with community newspapers and local radio and TV. We also used both mainstream English media and ethnic media — those outlets catering specifically to the South Asian and Chinese populations, often in their own languages.

In addition, we 1-2-3'd everything in Markham, from the required voter registration cards to paraphernalia produced specifically for the campaign, including refrigerator magnets, letterhead, postcards mailed to all households, bookmarks, electronic bulletin boards, signs on town maintenance vehicles and posters hung in gathering places, such as libraries and community centers.

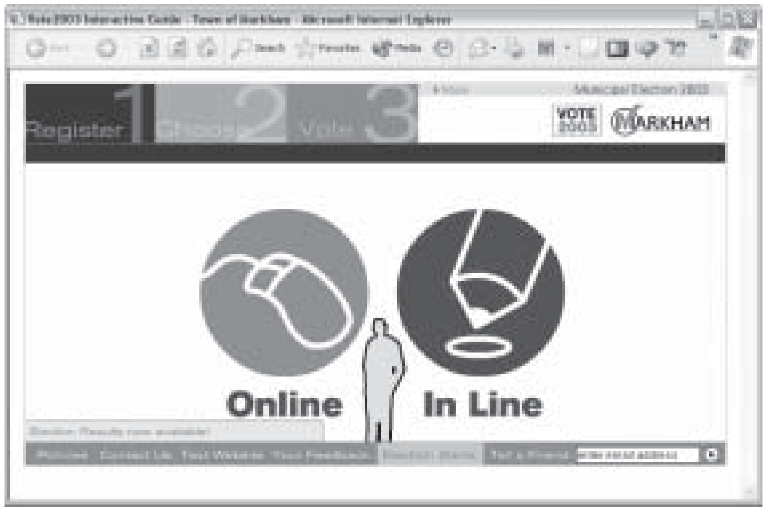
The Delvinia team also set up interactive kiosks in a major regional shopping mall and in a mall that catered specifically to the Asian community. At these kiosks the public could try out the voter information Web site and a simulation of the online voting system.

We also used voicemail broadcast technology to send messages to all customers whose landline telephones were connected to Bell Canada's voicemail network, reaching about 50,000, or 32 percent, of the 158,000 residents with voicemail messages.

All communication channels referred voters to the centerpiece of our campaign: a Web site with more detailed information about the 1-2-3's of voting. Voters accessed the

Interactive Guide, as it was called, through the town's main election Web site, www.markhamvotes.ca. Local community groups, including local business and community online directories, also gave us permission to set up links to the *Interactive Guide* on their Web sites. (See Figure B)

Figure B



Twenty-three percent of in-person voters and 28 percent of online voters visited the *Interactive Guide* Web site.

The election Web site operated from September 8 to November 10, 2003. During that time, the site received more than 19,000 registered visits. From a user survey on the site we were able to collect valuable data about the citizens' education and employment demographics, preferred methods for receiving information from the town government, level of computer knowledge and type of computer equipment used. This information will help Markham design even more effective communications campaigns in the future. For the few citizens who needed to upgrade their software to include the latest Macromedia Flash plug-in to access the Web site or voting programs, the *Interactive Guide* offered step-by-step instructions on how to access and install system upgrades online.

The Canadian government saw the potential of the Internet for election communications and partially funded the development of the *Interactive Guide* and the market research program through an applied research grant from the Department of Canadian Heritage and CANARIE Inc., a non-profit government and private partnership advancing Internet technology in Canada. The Town of Markham paid for the non-electronic communications tactics used in the marketing campaign.

The Vote Is In

Internet Works

While the political winners were not much of a surprise — Mayor Don Cousens returned with 80 percent of the vote — the results of the Internet vote exceeded expectations. There was a 300 percent increase in advance poll turnout, and 70 percent of advance voters cast their votes online. Internet voters represented 17 percent of all voters in the election. (See Table Two)

Table Two

Voter Statistics

	Election 2000	Election 2003
Number of registered voters BEFORE registration deadline	135,724	157,810
Total number of registered voters	135,786	158,412
Number of votes cast at advance polls	3,135	10,543
Number of votes cast at online advance poll	--	7,210
Number of votes cast on Election Day in person	35,881	31,665
Total number of votes	39,016	42,198

Source: Clerk's Office, Town of Markham

The impact of Internet voting is clear from the results of the 2003 election, where about 300 percent more people voted in advance of Election Day than had in 2000.

Table Three

Popular Sources of Municipal Election Information

	% of total respondents who voted	
Communications Channel	In-person	Online
Information received in the mail	28	66
Community newspaper	38	56
Posters	40	36
Candidates	21	22
Interactive Guide (Web site)	--	12
Broadcast voicemail message	3	6
Media/TV/radio	44	4
Magazine	1	3
Someone told me/from someone I know	7	2
Other Web site	1	1
Other	--	9
None of the above	--	1

Source: Delvinia Interactive

*Sample size for in-person survey was 994 voters. Sample size for the online survey was 3,655 voters.

The integrated marketing communications campaign reached virtually all Markham's voters. The *Interactive Guide* was visited by 23 percent of in-person voters and 28 percent of online voters.

The Apathy Antidote

Most gratifying of all to people who fear for the future of universal suffrage, Internet voting captured the interest of disinterested and young voters. Of the 25 percent of Internet voters who had not voted in the last election, half of them were between 18 and 34 years of age. The even better news is that 93 percent of them said that they are likely to vote again online in the future. And there was more good news from our in-person exit poll surveys: 70 percent of those who voted in person said they would consider voting online in the next municipal election.

The integrated marketing communications campaign strategy — simple key messages tailored to individual targets and graphics repeated in all media to drive voters to the Web site for more detailed information — was, in the words of Mayor Cousens, "An over-the-top success."

He added, "Delvinia's communications campaign reached virtually everyone in Markham. By offering the *Interactive Guide* on the town's Web site and the opportunity to vote online for advance polls, I think we gave our citizens absolutely the best in customer service."

IMC Surprises

As integrated marketing communications practitioners, we do our research, know our audience, build a plan and manage the details. And yet, we're often surprised by something we learn in the analysis at the back-end of a project. We assumed — and wouldn't you? — that the people who were technologically savvy enough to vote online would have learned about the online option online or at least through broadcast media. Our exit survey data reveals, however, that most online voters found out about the electronic option from direct mail or community newspapers. Therefore, one of our take-aways is to involve as many media channels as possible in an IMC campaign to reach voters. (See Table Three)

Should You Try This at Home?

Based on the Markham experience, we feel confident in recommending Internet voting for communities with

Internet Raises the Bar on Exit Survey Response Rates

Delvinia asked market research firm Millward Brown to help collect field data for the in-person exit surveys and analyze the survey data for in-person and online surveys. Millward Brown advised that a representative sample would require a minimum target of 300 participants for each survey instrument.

The target was well exceeded both in-person and online. The nine interviewers at polling stations collected 994 complete surveys. The process required that an interviewer with a questionnaire intercept a voter as he or she left the polling station. As always, in-person surveying is labor-intensive and slow.

However, online surveying is something quite different. An incredible 50 percent of all Internet voters voluntarily chose to answer the "five- to seven-minute exit survey," far exceeding our target.

populations of up to half a million and Internet penetration of at least 50 percent. That size community represents the critical mass needed to support the cost of a blanket integrated marketing communications campaign, yet is still a manageable size to coordinate logistics. The Internet penetration point is almost moot these days, as access rates nudge to 70 and 80 percent in the United States and Canada, respectively.

Word of Markham's success is spreading. Delvinia's Internet Voting Report, which can be found at www.delvinia.com/egov.html and summarizes our research findings, has been downloaded more than 1,000 times by organizations across Canada and around the world. And based on Markham's success, city councils in several jurisdictions are considering Internet voting for the 2005 and 2006 elections.

Markham officials have been asked to speak at conferences in Canada, the United States and internationally to share their experience. The municipality was also awarded the E.A. Danby Award from the Association of Municipal Managers, Clerks and Treasurers of Ontario (AMCTO) in recognition of their outstanding achievement in fostering administrative excellence in local government.

The courage and vision Markham showed in pioneering Internet voting is already shaping the future of democracy.

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MEASURING THE RETURN ON YOUR COMMUNICATIONS INVESTMENT

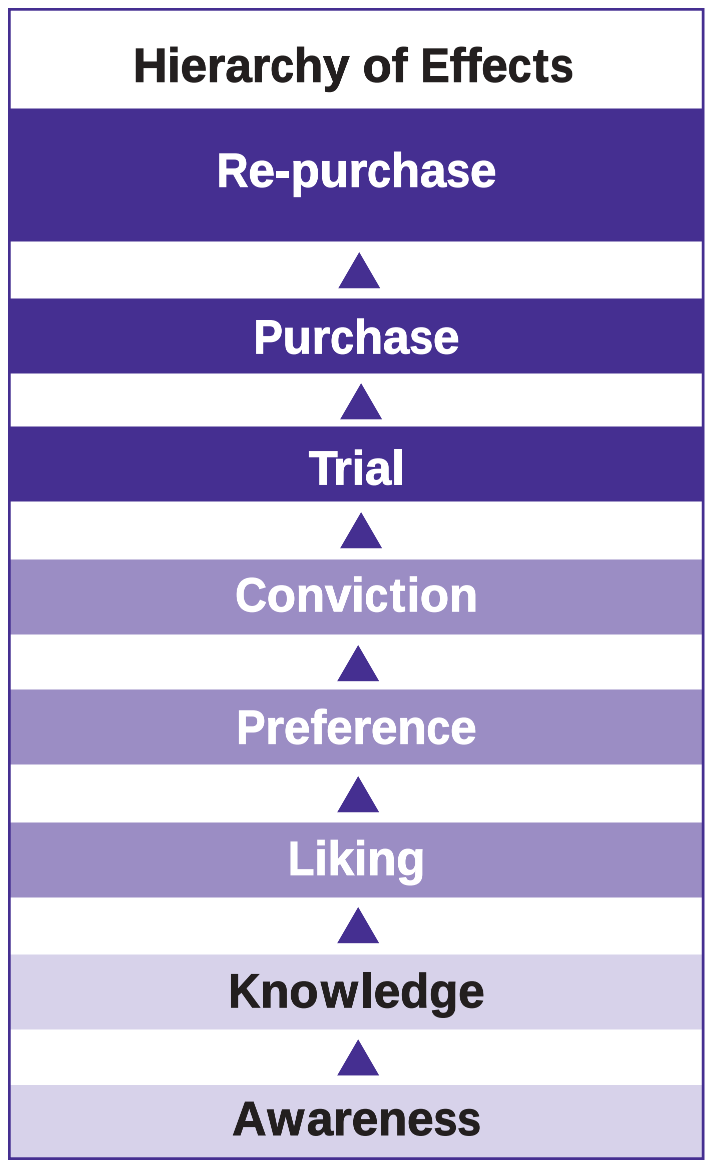
Kacie Jung

Brian Robinson

"Insanity is doing the same thing the same way, day after day, and expecting a different result."
Albert Einstein

It is the responsibility of communication professionals to support their business strategies with a multitude of tools to measure the effectiveness of marketing communications (marcom) programs. With tools already in place to measure such things as awareness, impressions and attitude, there is now the opportunity to go one step further and measure sales effects, which will lead to a more robust measurement system. The goal of this article is to build awareness among communications professionals about the foundational components of a measurement strategy aimed at understanding the financial impact of marcom. It offers insights and suggestions about communications measurement and is intended for communications professionals to discuss and use as they see fit.

When speaking of measurement systems, it is important to note the difference between hard and soft measures. Hard, or "counting" measures, focus on financial cost-input data, including budgets, human resources, time factors, outputs, efficiency and sales performance. Soft measures involve qualitative feedback concerned with motivation, customer priorities/preferences, expectations, perception, attitudes and satisfaction levels. A combination of both hard and soft measures result in a more robust foundation for future planning. A "hierarchy of effects" model, which describes



the stages of individuals' progress in moving from initial unawareness to final action (purchase and consumption), is a good visual reference for discussing hard and soft measures.

Traditionally, communication professionals use soft measures as the foundation of their measurement systems. These types of measures are superior at measuring the first five stages of the hierarchy — awareness, knowledge, liking, preference, conviction and trial. However, each of these measures is unable to link marcom investment to the driving force of business, i.e., sales or financial gains. The inability to create a financial link can lead executives to think that marcom expenditures and programs are of lower importance and priority, which often results in slashed budgets for marcom programs. By establishing measurement systems that measure marcom success through the remainder of the hierarchy stages (purchase and re-purchase), communicators can create a more complete measurement system that includes specific financial results. During the first five stages of the hierarchy, individuals progress through a "thinking" process. It is not until purchase or re-purchase that an action, or behavior, takes place. It is this action that allows communicators to measure the financial impact of marcom investments.

Unfortunately, there are several paradigms at work which seem to hinder the use of hard measures more than they support it. The single largest impediment to the successful adoption of financial measures is fear. At times, marcom professionals fear change – they fear being held accountable for financial measures and they fear the unknown territory of how to combine hard measures with soft measures. Additionally, there is a general lack of knowledge and understanding about measuring the financial results of communications programs. Anxiety about change, combined with lack of knowledge concerning appropriate tools to measure financial results, can put individuals on the defensive. It is imperative that marcom professionals understand and tackle this challenge.

The solution is to educate yourself and your work teams about how to link communication investments to financial results. Arming yourself with bottom-line metrics is enormously powerful, and communicators from companies around the world are beginning to break down these same barriers to realize the power of hard measures.

3M's Commitment to MARCOM Measurement

3M is a global, diversified technology company that values the improvement of process and emphasizes the importance of measurement and accountability. The company has placed increasing importance on marketing and communication leadership, and with that comes the responsibilities of marcom measurement. 3M is currently establishing "return on investment" (ROI) processes that are in-step with the cornerstone corporate initiative of Six Sigma. As defined by iSixSigma LLC, "Six Sigma is a disciplined, data-driven approach and methodology for eliminating defects (driving the number of defects down towards six standard deviations between the mean and the nearest specification limit) in any process from manufacturing to transactional and from product to services (iSixSigma, 2004). 3M adopted Six-Sigma methodology to improve growth in product and service technologies, product and service design, and operational and business processes. The company focuses on improving processes in each of its seven business units, including placing importance on the ROI process for measuring marcom.

After securing senior management support and incorporating the Six Sigma process initiatives, 3M realized its overall method for measuring the financial value of communication programs could be improved. 3M decided to delve deeper to capitalize on relating communication dollars to increases in sales. With the help of Don Schultz of Agora Inc., Martin Block of Block Research Inc. and Northwestern University's Department of Integrated Marketing Communications, 3M created its own process.

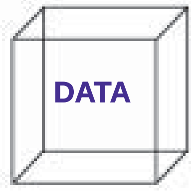
3M's ROI Model

The operational details of 3M's ROI model are based on 3M's proprietary information structure for sales and marcom investments, and therefore the specifics of the model may not be applicable to other companies. However, the overall framework of the model is one that any communicator can benefit from understanding. Therefore, the following analysis of the 3M model is about understanding the general foundation of a strong marcom measurement model, as opposed to detailed steps. The components 3M uses are universal, and can help create the foundation for any metric system.

Understanding the numerous steps of a statistical model can be just as difficult as separately understanding each piece of a puzzle. A single piece or even a section of a puzzle can be difficult to understand. It can be missing key elements or difficult to visualize. When the pieces are connected to create a whole, the true essence of the puzzle emerges. Understanding how the individual components of a marcom measurement model fit together can be just as difficult when you cannot see the entirety of the model. Although each section of 3M's model will be analyzed separately, it is the sum of its parts that create the overall picture.

3M's model comprises four components or building blocks: data synthesis, sales, marketing communications and analysis. The model involves a diligent statistical process that includes analyzing both sales and marcom expenditure data over a designated period of time. The model is neither a forecasting tool nor a crystal ball for future marcom investments. Instead, it is a ROI tool that allows communications professionals to compare past investments and their impact on sales.

Building Block 1: Data

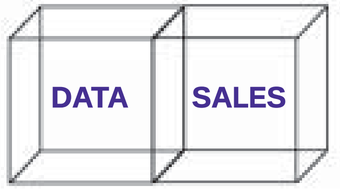


The foundation to a strong and credible ROI model is data. Although the idea of data collection may at first seem simple, it can pose a sizeable hindrance to producing the correct results. Successful data collection includes collecting data from other departments and individuals, organizing it in a consistent manner and establishing data parameters.

Ideally, the 3M ROI model requires sales data (in both units and dollars) and marcom expenditure data for the same time intervals. Point-of-sale (POS) data is also important, as it displays the exact movement of end users, as opposed to distribution sales data.

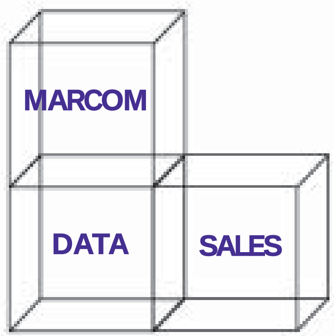
Building Block 2: Sales

Analysis of sales data allows communications professionals to better understand their business. This analysis can be done using regressions and analysis of variances, run with statistical software. The objective is to look for patterns and trends within the sales data. Where are products selling? What prices are they selling at? Are there certain times in the month/year where sales increase or decrease? Focus on average price, price increases or decreases, distributor statistics and seasonality.



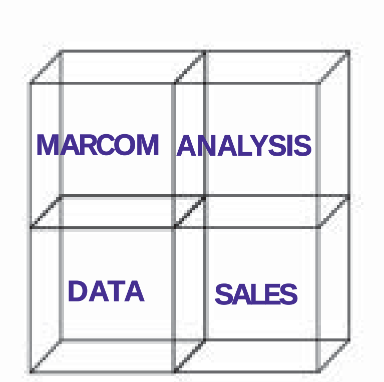
Building Block 3: MARCOM Investments

This building block focuses on marcom expenditures. Similar statistical analyses can be done here as was done with sales data to understand marcom expenditures. Determine the rationale for past expenditures. Why did promotions receive double the investment that packaging did in the past year? Why is one marketing channel receiving more investment than the rest? What is the reason for the decrease in advertising spending in the last two years? Once more, focus on spending patterns and trends to gain an understanding of what past marcom investments entailed.



Building Block 4: Analysis

After understanding the sales landscape and marcom expenditures over one period of time, it is necessary to analyze the direct effects marcom investments have on sales. This requires analyzing sales dollars and units against marcom investments. Statistical regressions can be used to evaluate which tactics have an effect on sales and to what degree. Again, seasonality pattern effects need to be considered, and at times, eliminated. Without seasonality, the relationship between sales and marcom spending can be understood based upon price and marcom tactics. Measure each distribution channel for marcom effects to understand a complete overview of the sales relationships.



An important factor to consider at all times is the lag time on marcom tactics. When advertising, public relations and various other communication tactics are used to reach a target audience, these programs may not result in immediate action. The time it takes for the audience to take action may require communications professionals to look at a more long-term analysis. Running regressions will help explain these lags.

The 3M model, or any similar ROI model, helps communications professionals link expenditures to outcomes, and will ultimately help validate marcom investments.

Building an ROI Model

There are a variety of other ROI models for measuring communication expenditures. Many companies have recognized the need for hard measurement and are taking steps to change how they measure marcom investments. Since some companies have resource constraints, many are unable to internally create their own model. However, there are outside resources available to guide your organization in developing a ROI process tailored to your organization.

It is apparent from the 3M model that there are several fundamentals needed to begin the process of building a comprehensive communications ROI model. By segmenting the measurement process into four building blocks, one begins to overcome the fear of the risk that comes with measuring the results of a program.

Action Steps

1. Understand what you are measuring and why. Secure senior management buy-in. Communicate with management regarding the overall objectives and keep this in mind during the entire process.
2. Know your resources. Involve a cross-functional team (e.g. sales, marketing, finance). Do the research to find out who can help you — not only is this cost efficient by taking advantage of the talent within your own organization, but this ensures buy-in from other parties.
3. Gather the data. This is an integral part of any measurement process. Know in advance in what format you want the data provided (both sales and marcom expenditures) and make sure it is accurate.
4. Run the analysis. Use statistical methods that fit the data provided and the outcomes desired. Analyze sales and marcom expenditures individually. Once you have a better understanding of how these two operate, run an analysis of how each affects the other.
5. Ask questions. Marcom ROI models help uncover further questions you should be asking about your investments and results. When analyzing results, continually ask: Why is this happening? Why is this tactic working/not working? What should we have done differently?
6. Run the analysis again. Once is not enough. Individuals often interpret data analysis differently. It also helps to be as familiar as possible with the statistical tools you used and how you came up with the results. Then, when questions are asked, your answers will be knowledgeable and prepared.
7. Consistently measure and continually make improvements to the marcom plan. ROI models are only valuable when they are used consistently. Continuously track your programs' activities and fit them to your ROI model. Make necessary improvements to your programs based on the patterns you have monitored.

Understanding the Results

8. Use the model as an aid to, not a replacement for, good communications judgment. Statistical analysis without marcom know-how results in failure. Recognize the limitations of the data, not just the model.
9. Be aware of the short-term focus of the model. Analyze results in their proper (short-term) context, recognizing that they do not assess the long-term effects on measures such as brand equity.

10. Now is the time. Begin measuring, improving and validating your own marcom investments. Good luck!

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Context Planning:
THE DOOR TO MEDIA'S FUTURE

Kendra Hatcher

No longer focused on reach and frequency, media agencies are placing greater importance on how consumers interact with brands. This has lead to the emergence of "context planning," which is playing a role in the evolution of media agencies from traditional buyers of media space into communication architects.

Adapt or Die

Media agencies are faced with a great challenge to "adapt or die" (Elms, 1994) and to evolve into what many have dubbed "The Agency of Future." Today, too many media agencies focus on message delivery and rely on traditional mass media to reach consumers. Successful media plans are based on reach (how many consumers had the potential to see or hear the message) and frequency goals (how many times could the consumer potentially see or hear the message). Only recently have media agencies begun to value media engagement, which places emphasis on the role the media environment plays in connecting consumers with brand messages. Tomorrow's media agency will place greater importance on consumers and the creative ideas that break through, and change consumers' perceptions and behaviors.

Now Is the Time

Breaking through the media clutter is more important now than ever. Within the last 20 years, the industry has experienced an explosion of media that stimulates and overwhelms consumers and advertisers alike. From 1985 to 2000, the U.S. media landscape has exploded from three national television networks to seven national networks and 54 cable networks. There were 10,000 more print options and 5,000 more radio stations. In 2001, consumers were being hit with an estimated 3,000 daily exposures ranging from TV, out-of-home and other types of messages (Starcom MediaVest Group, 2001).

In addition, non-traditional ways to communicate with consumers, like cars "wrapped" with advertising messages, advertising messages embedded within video games and advertising shown in theaters before movies, have been adopted. The term "media" has expanded to include all means in which consumers interact with brands, referred to as "contacts." This contact explosion forces media practitioners to have an in-depth understanding of how consumers interact with media and the environment in which the message is placed.

During this same period, the unbundling of media services from advertising agencies has given the discipline autonomy and a stronger, louder voice. However, the separation has distanced media even further from the consumer and creative strategies created by agency account planners and creative directors respectively. In response, creative agencies have begun hiring media specialists to keep them informed of the continuously evolving media landscape and to ensure their future role in communication planning (Darby, 2003). Both media and creative agencies alike are acknowledging the increased necessity of the other's discipline to engage consumers, and the role media will play in the communication process.

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Cultural Change

Historically, media agencies have not been known for their unbounded creativity. The advertising community only first recognized the notion of "creative media" in 1999 when the first Media Lions were awarded at the International Advertising Festival in Cannes (*Advertising Age Special Report*, 1999). For media agencies to evolve and become more valued as communication partners, media professionals need to become more active participants in the entire communication planning process and augment their current talent, tools and pro. The contact strategy, driven by consumer insight instead of data and facts, must have a more direct influence on the brand and creative strategies, rather than be a "consequence of" the creative brief (Elms, 1994). This shift will not be easy.

Answering the Call: Context Planning

Many media agencies have answered the call to step up their game strategically and creatively. Most of the large, global media agencies have created units or disciplines dedicated to uncovering consumer insights and generating non-traditional media solutions. Starcom MediaVest (SMG), *Advertising Age*'s 2004 Media Agency of the Year, has developed consumer context planning that works hand-in-hand with its strategic planning and investment teams. Originally conceived in 1989 by current SMG chief executive officer Jack Klues, consumer context planning became a reality in the agency's successful $2.9 billion pitch for the General Motors (GM) media-planning assignment in 2000. Consumer context planners, as they are called, "provide the essential link between the consumer's experience with the advertisers' brand and the various ways the consumer chooses to receive commercial messages about them" (Klues, 2004).

Another global media agency, Universal McCann has a team of strategists called "communication architects," and experimented with employing its own full-time agency creative director to work with the media planners and buyers. Zenith Optimedia (Zenith Optimedia, 2004) and Initiative Media (Initiative Media, 2004) have incorporated "channel planning;" and Mindshare (Mindshare, 2004) generates ideas for its clients in its WOW Factory (Universal McCann, 2004). Media professionals see the viability of context planning, channel planning or communication architecture to help advertisers navigate the current and future state of media in the United States. When properly executed and integrated into communication planning, it allows for more effective media and messaging strategies.

Like an account planner, the role of the context planner is to represent the subject of interest from the consumer's perspective, and to have a "strong allegiance" to the brand. Account planning's end deliverable is to determine, "what the brand should say about itself and why." Whereas, context planning focuses on the optimal environment for delivering such messages, answering "what is the most engaging way to connect with consumers, and how will it be achieved" (O'Brien, 2004).

SMG's consumer context planners ground the media plans in consumer insight, help diversify the contact mix, inspire creative media solutions and maintain the integrity of the both the brand and campaign idea in the media plans. They can create synergy between the message and the medium by providing the framework for the media plan and an in-depth understanding of the creative side (Franklin, 2004).

Specifically they are responsible for identifying fertile media space that directs the development of the media, and in many instances the communications plan. Too often the media strategy focuses solely on vehicle selection: "Should we buy TV, radio or digital media?" Context planning injects a consumer strategy into the media planning and buying process that sets the course for media engagement. Although not a prerequisite for context planners, those with account planning backgrounds are able to leverage their experience in consumer insight and creative development, which includes branding and messaging strategies. Similar to how account planning was used to advance the strategic capabilities of advertising agencies, media agencies can expand and re-position their skill set with context planning.

For example, advertising agency Chiat/Day used account planning to help create breakthrough campaigns and gained notoriety for their strategic prowess. Within nine years of the account planning-inspired Apple Macintosh "1984" campaign (Newman, 1998), Chiat/Day went from a $50 million to a $650 million agency. They had an 80 percent new business success rate, which was driven strategically rather than by a traditional creative pitch (Campaign, 1989). Because context planning must be quantifiable and actionable, it has the potential to have even more of an impact than account planning did when it first emerged.

A Case for Context Planning

The Coca-Cola Company

David Raines, the vice president of integrated communications at The Coca-Cola Company, embraced the concept of having one of SMG's first context planners on his account two years ago. He believes that context planning is beginning to fill a void by helping his team look at the "media world through the eyes of the consumer, moving beyond reach and frequency" (Gough, 2004). Due to the "complexity of today's communication spectrum," Raines regularly explores new "connection" approaches. Context planning is being used by The Coca-Cola Company to better understand how people consume media and their passions.

"It all starts with people — the relationship people have with our brands, media and their passions is what is important. They are continuously filtering through messages, and only those connections that really matter to people will get through. Most, even if they are good, will get pushed aside because people simply do not have enough time to deal with every message. By producing a richer insight, we can potentially make more relevant connections. That is why it is important to understand media context, helping us attach this [can of Coke] to people in a meaningful way. Otherwise, it [the medium and the message] is irrelevant, just another bit of noise" (Raines, 2004).

An example that Raines cites as a context-planning success is last year's Diet Coke "Do What Feels Good" weekend movie festival. The business challenge was to drive greater awareness and to build leadership for Diet Coke despite the category's top competitor, Diet Pepsi, spending three times as much in media as Diet Coke. The SMG team uncovered that the Diet Coke consumer experiences a sense of nostalgia when movies of their youth, like Grease and The Breakfast Club, become new classics. The reliving of these "feel good" stories helps them feel younger and more vibrant — the same feeling that drinking a Diet Coke elicits.

By understanding the relationship consumers have with movies, the planning team was able to create an exclusive media target property and brand experience, "The Diet Coke/TNT Feel Good Weekend Movie Festival" in conjunction with the TNT cable network. SMG handpicked eight "classic" cult films from Turner's extensive library based upon their intimate knowledge of the Diet Coke target consumer. For eight weeks, viewers of the "Feel Good" festival were invited to register via DietCoke.com for an opportunity to win a chance to perform cherished scenes and songs from their favorite classic films. The winners' performances were televised during three-minute vignette intermissions while the filmed played on TNT.

The "Feel Good" Weekend Movie Festival is an example of the power of aligning the creative message and the TV medium. The "Feel Good" creative message was strengthened with its association with one of the consumers' core passions, in addition to bringing to life what resonates with consumers emotionally when it comes to the Diet Coke brand. During the festival's eight-week run, key communication values and performance measures known to drive Diet Coke volume increased by 10 percent. Additionally, the focused approach allowed Diet Coke to better leverage its limited budget while delivering an engaging and meaningful consumer experience. Diet Coke experienced a six percent net gain on key brand attributes when compared to Diet Pepsi (Watson, 2003).

For Raines and other progressive advertisers, current media standards of success-exposure and awareness-will become the starting point. "How many people did we reach?" will be replaced with "how did we make consumers feel?" allowing us to have the greatest impact on consumer perceptions, and ultimately to favorably change their behavior (Raines, 2004).

Instituting Context Planning

Overcoming the Barriers

For context planning to become a driving force in media planning and buying, it will require an overhaul of the current process. Like the creative process, media planning must begin with an in-depth understanding of "what people are interested in, and how they connect with the medium" before the plan architecture is developed (Raines, 2004). It will also involve the development of new relationships, skills and tools to enable media professionals to deliver these more robust plans.

"Siloed" thinking will be replaced with evolved partnerships with the creative agency, brand management and corporate integrated communication (public relations, direct, entertainment and sports marketing) teams. To become a more valued partner, many media professionals will need to undergo account-planning training to understand how to properly leverage consumer intelligence in their work. While not impossible, such an openness to explore new ways of thinking and working could be a challenge to seasoned practitioners.

Currently, most media agencies and corporate research departments have created tools and models that focus primarily on the impact of TV advertising (e.g., marketing mix modeling). Context planning requires a more holistic understanding of all contacts, traditional mass media and non-traditional contacts — ways that consumers interact with brands. There are no syndicated sources or services available that provide a comparable quantitative assessment of these contacts. In fact, there are few media planning and investment tools that are commonly used and trusted that go beyond media awareness and usage.

The media industry will need to overcome their two greatest barriers to realizing the full potential of context planning — the lack of contextual data available and the lack of proven methodologies for measurement (Raines, 2004; Klues, 2004). Most of the data and tools currently used are numerically driven, but they are unable to provide qualitative contextual insight. Media agencies overly rely on Mediamark Research Inc.'s (MRI) data to provide demographic consumer information. This must be supplemented with other methods to provide deeper contextual insights. Therefore, much of the data needed by context planners must be collected with primary research. This can be costly, but it is necessary for context planning to be effective.

The Human Touch

GM, one the largest advertisers in the United States, has proven their commitment to context planning by heavily investing in primary research to understand the tri-lateral relationship between consumers, media and brands. GM Planworks, a division of SMG dedicated solely to media planning for GM, pioneered SMG's consumer context planning discipline in 2000 under the tutelage of former account planning executive Jana O'Brien. Both SMG and GM believed that context planning could "unlock insights" regarding media behavior and take media research and planning to unprecedented heights (Klues, 2004). By conducting consumer-driven research, instead of relying solely on industry standards such as MRI and Nielsen, O'Brien is leading GM Planworks to "humanize a previously inhuman discipline by creating excitement for media as a marketing tool" (O'Brien, 2004).

For example, when GM and Hummer's parent company, AM General, launched the H2 large luxury sports utility vehicle in 2002, GM Planworks anchored the communication strategy and tactics in insights gleaned from qualitative media research. The team conducted a Media Pathways study, one of SMG's primary research tools, to provide in-depth qualitative understanding of the linkage between the consumers' media habits, their affluent lifestyle and their connection to the new H2.

The study uncovered that the primary target's habitual use of media was as a financial and business survival tool. It was also uncovered that this target market had a propensity toward strong personalities. These insights led to the development of a frequency-oriented media plan that intercepted members of the primary target market during their daily routines. Tailored creative messages were placed in "survival media," such as CNN, *The Wall Street Journal* and *BusinessWeek*. More precisely, messaging was placed during *Larry King Live* and the *Bill O'Reilly Show*, shows with two of TV's most provocative personalities (Taylor, 2003).

The Next Frontier

Holistic Contact Planning

While many advertisers are using both traditional and non-traditional contacts, media agencies must often limit their investments to non-traditional contacts because of the lack of verifiable data to support their usage. Context planning, with its goal of thoroughly understanding the media environment, sets the foundation for a more holistic contact plan that would likely result in a more creative and engaging media plan. Contact planning, which is "connections" driven (what contact for which audience) is an obtainable goal for media agencies, if the proper measurement tools are implemented (Franklin, 2004).

One such tool being used by context planners at SMG that enables contact planning is a Market Contact Audit (MCA). MCA measures how consumers interact with brands across a diverse group of traditional and non-traditional contacts. The objective is to determine how consumers perceive the contact's ability to create a relevant brand experience, or interaction, which has been proven to be directly correlated to market share. For example, the tool allows for marketers to use "brand-experience points" as a common currency to compare the influence of an assortment of brand contacts, like television ads, mentions of brands in song lyrics and word of mouth. Integration, the company that created the tool, has conducted over 700 studies globally and found that brand experience share consistently and significantly correlates to market share (Integration, 2002). Thus, context planners are using MCA to help develop and evaluate integrated marketing communication programs with the end goal of growing sales.

There is little doubt that media agencies can deliver upon contact planning assuming that the right tools are in place. The challenge will be on the client side in many organizations where different departments with multiple decision-makers own the budgets. Like integrated marketing communications, holistic contact planning requires an organizational structure that promotes integration among cross-functional teams.

Communication Planning

There are mixed opinions regarding whether media agencies can become the key drivers of communication planning. Communication planning tends to be perceived as a creative agency function as it focuses on message delivery — "what content for which audience" (Franklin, 2004). Agreeably, media professionals will have to become much more knowledgeable about the brand planning and creative processes, in addition to mastering contact planning, to lead communication planning. However, communication planning is far more than messaging and targeting strategies. It requires an understanding of how to tactically engage consumers in the marketplace. Jack Klues from SMG believes that media agencies can achieve this and that context planning is necessary to make it happen.

"I believe it is the 'Manifest Destiny' of the media agency to act as tomorrow's communications architects and context planners are critical to our ability to realize it. Without the insightful leadership of the context planners, the client will not receive the proper leadership and objectivity they demand in creating truly integrated and solution-neutral plans" (Klues, 2004).

Arguably, the account planner at the creative agency could play a role in context planning if they could equally balance their time between brand planning, creative development and media-context planning. However, this would also be problematic for creative agencies without in-house media services, as the account planner would need to spend significant amount of time working with the media team. Media agencies benefit greatly from context planners whose sole responsibility is helping innovate the end product.

The Agency of the Future

What will matter most in the future will be leveraging consumer insight to create ideas that make long-lasting connections between consumers and brands. Context planning provides media agencies with the acuity outside of traditional media to bring these organizations a step closer to their future (Klues, 2004). When implemented properly, context planning can be an external champion of client-led integrated marketing communications initiatives, as well as provide strategic and creative support for program development.

By integrating the consumer into the media-planning process and focusing on developing creative media solutions, media agencies will undoubtedly improve their product, creating greater value for their clients. Focusing on consumers and ideas will also help differentiate their organizations and drive the shift from traditional media planning to holistic context and communication. Media practitioners will be forced to step outside of their comfort zones and become more intimately involved with consumer and cultural insight, brand-building and advertising. Media can be a creative force that connects consumers with brands by creating brand experiences that tap into their passions and dreams. Now is the time for media agencies to seize the possibilities.

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THE MULTICULTURAL PARADIGM

Jean-Paul James

Contributions by:
James E. Swartz

The consumer landscape is changing and too many companies are not moving with the marketplace. James makes the case for why and how marketers should go after ethically diverse consumer groups to maximize profits and to secure long-term company growth.

The Multicultural Paradigm

Today, non-Hispanic Caucasian-Americans make up 70 percent of the U.S. population. But by 2050, this group will only make up half of the total population (El Nasser, 2004). And for the first time since the founding of the United States in 1776, the nation will not have a stand-alone ethnic majority. In other words, one out of every two people in the country will be what we consider today an ethnic minority — Hispanic-Americans, African-Americans and/or Asian-Americans.

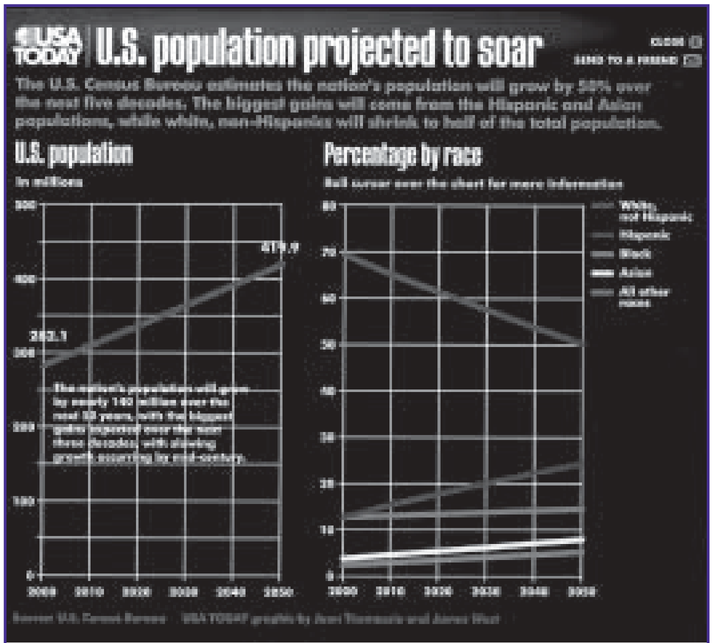
In a perfect world, marketers would be able to use manufacturers' purchase data to target consumers, which would eliminate the need to segment customers as we do now, and diminish the need for ethnic segmenting. Until this happens, companies must recognize the purchasing power of multicultural marketing.

Many advertisers recognize the population shift described above, but others do not realize the need to commit company resources to effectively segment and reach minority groups with multicultural marketing efforts. Those companies that do not answer the needs of these powerful customer segments could lose considerably in the next half-century and beyond.

Hispanic-Americans

Hispanic-Americans are the fastest growing segment in the United States. In 1990, demographers predicted the Hispanic-American population would become the largest minority group by 2010. These estimates proved to be far too conservative. Hispanic-Americans edged out African-Americans to become the largest U.S. minority group, numbering 41.3 million in 2004 with a projected buying power of $686.3 billion. The buying power and population of these groups is projected to grow by 44 percent and 19 percent respectively through 2009 (Selig, 2004).

The growth of the Hispanic market has sparked the need for a greater understanding of the cultural differences, not only compared to other markets, but also within this consumer segment. For example, 42 percent of the Hispanic population comprises approximately 11 nationalities — besides Mexican – that consider themselves Latino, including Cuban, Puerto Rican, Dominican and other Central and South American nationalities (Cappo, 2003). Marketers must recognize these intra-cultural differences.



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African-Americans

In 2004 the African-American consumer segment had a projected annual buying power of $723 million and a population of 36.4 million (Selig, 2004). Unlike other ethnic groups, there is no language barrier to overcome when communicating to this demographic. Because of this, the need to tailor marketing efforts to African-Americans is less obvious and therefore often overlooked or taken for granted. This consumer group is usually viewed as largely undifferentiated from Caucasian-Americans, and as having a mostly uniform set of consumer values. However, just like the Caucasian-American majority, African-Americans have various sub-segments regarding their needs. Some companies unfortunately see advertising to African-Americans as an affirmative-action policy — they feel forced to comply rather than strategically realizing the economic benefit of marketing to African-Americans. African-American buying power and population is projected to grow by 33 percent and almost 7 percent respectively by 2009 (Selig, 2004).

Asian-Americans

Asian-Americans are an attractive customer population for marketers. As a group, they are generally family-oriented and have a strong desire to achieve middle- or professional-class status. Currently, 60 percent of Asian-Americans have an annual income of $60,000 or higher and 44 percent of Asian-Americans over the age of 25 have college degrees. This all contributes to this segment's projected 2004 buying power of $363 billion. Some of the sub-groups that make up the Asian-American population are: Chinese-Americans, Indian-Americans, Korean-Americans, Filipino-Americans, Japanese-Americans and Vietnamese-Americans. Asian-American buying power and population are projected to grow by 45 percent and 16 percent respectively by 2009 (Selig, 2004).

Together these groups make up over $1.7 billion in discretionary income, which is larger than the approximate gross domestic product of the United Kingdom ($1.4 billion) (Australian Politics, 2003). Compare this to the Caucasian-American buying power, which is a substantial $7 billion but will only grow 26 percent in the next five years – a much smaller growth rate than that of the minority populations (Selig, 2004).

One of the key tenets of integrated marketing communications (IMC) is that companies be customer-centric — to understand what motivations drive consumers' purchase decisions and to build their marketing programs around this insight. IMC is also data-driven to help marketers better understand their most profitable customers in order to attract more like them, cultivate their loyalty toward the brand and ultimately retain customers.

The following five recommendations are discussed using examples of best practices in multicultural marketing. They point to the fact that regardless of race, money is green, increased market share means increased profitability and brand loyalty is priceless.

Diversity Within Leads to Better Understanding, Smarter Multicultural Marketing

In order to have marketing communications that effectively target ethnic groups, we recommend there be a strong minority presence in the marketing department that represents something more than tokenism. Fifty-eight percent of those polled on adage.com on August 16, 2004 stated that marketers should maintain a separate multicultural marketing department within their companies. Multicultural consumers will account for 30 to 40 percent of next year's business growth. If a company does not have a dedicated and specialized team, someone else will seize the largest share of that growth. Carl Kravetz, chairman and chief strategic officer for Cruz Kravetz: IDEAS in Los Angeles, states that "[Multicultural marketing departments] are a way of creating internal 'champions' for multicultural efforts."

To illustrate, Coors Brewing Co. recently produced a spot that sparked some controversy. In the spot, which is running on both English-speaking and Spanish-speaking television programs, young male beer drinkers in a bar toss around the word "guey," similar to Budweiser's "Whassup" commercials. Coors has received complaints, pointing out the word's negative connotations. The literal translation of "guey" means castrated bull and can be an insult implying stupidity, yet many Hispanic males use the word as a greeting. The way "guey" is interpreted all depends on inflection when delivered. Paul Mendieta, Coors' director of multicultural marketing had the concept qualitatively tested to see if it was offensive. When tested among Mexican American males ages 21 to 24, the reaction was "You got me; this is me and my friends." The advertising tapped into their specific psychographic" (Wentz, 2004).

The example of Coors' use of the word "guey" in its Hispanic advertising was accepted because the multicultural marketing director was Hispanic and understood the cultural nuance of the word.

An alternative to hiring minorities for the marketing department is to culturally immerse the ethnic majority into the Asian-American, African-American or Hispanic-American cultures. Being a multicultural marketing expert is impossible unless marketers learn to embrace the notion of the cultural experience. After awarding a multicultural marketing communications company with a new piece of business, marketers who are Caucasian-American should request to be culturally immersed before making any marketing decisions for this new account. This exercise will provide key insights and break down any preconceived stereotypes that Caucasian-American marketers have about a particular ethnic group.

The exercise can consist of experts on each respective ethnic group fielding questions about what it means to be African-American, Asian-American or Hispanic-American or it could include a member of the ethnic majority either living in or shopping in ethnic enclaves. However, the greatest insights into multiculturalism do not have to be this sophisticated. When learning about an ethnic market, the best thing a marketer can do is to observe the differences firsthand by doing something as simple as going to an ethnic neighborhood for lunch or a haircut. Observe how consumers in the neighborhood, who are unlike yourself, interact with your brand and your competitors.

Rethinking Research Methodologies for Multiculturalism

More advertisers should take the time to enhance their research efforts to better understand and reach minority groups. The ultimate brand measure is the strength of sales. In aggregate, marketers do measure sales. However, measurement of sales to minority markets is often inaccurately reported or not done at all, thus putting the ultimate measure of multicultural marketing success in question. Many times multicultural marketing communication agencies are held accountable to increase brand/product awareness, which does not correlate directly to sales. Taking a deep dive to genuinely understand the nuances of the ethnic consumer will be to any marketer's advantage, versus relying on mass consumer research about a particular minority group. The growth in numbers of Hispanic-American consumers has started to encourage marketers to take this step to create and develop new products tailored specifically for them.

SC Johnson expanded its Glade line of air fresheners to include home-cleaning products for Hispanic-American

GLBT Market

The multicultural paradigm not only includes growth in U.S. ethnicity, but a change in lifestyle. On May 17, 2004 the U.S. Supreme Court declared that it is unconstitutional to deny marriage licenses to same-sex couples in Massachusetts. This landmark decision brought the issue of same-sex marriage/households into the mainstream media and allowed marketers and media companies to notice, for the first time, the potential of how this cultural shift could affect the marketplace.

Volvo Cars of North America is one of the few advertisers that has taken steps to target GLBT (Gay Lesbian Bisexual Transgender) customers by researching their buying preferences. Volvo executed an online poll of 2,000 consumers — 1,000 GLBT consumers and 1,000 heterosexual consumers — to ask about their vehicle preferences. Next, online bulletin boards were hosted for GLBT people who were looking to buy a Volvo in the next two years to get additional feedback on buying preferences. This information was then used to develop creative strategies.

GLBT consumers ultimately preferred a campaign called "Starting a Family," which highlighted the safety, versatility and style that Volvo offers in its XC90 SUV and C70 convertible and showed images of GLBT families and couples. The headline reads, "Whether you are starting a family or creating one as you go." The overall campaign also included a sponsorship and affinity program with the Human Rights Campaign — a GLBT rights organization. The marketing communications measurement scored well on attributes such as "increased purchase consideration," "persuasiveness" and "brand image" among GLBT consumers. Due to the use of statistically significant research methodologies, this campaign received the Advertising Research Foundation's (ARF) David Ogilvy Award for a campaign targeting GLBT consumers. Volvo was the first company to receive this award (Johnson, 2002). This example appropriately ties together the concepts of target marketing tailored to a specific population with a strong customer-centric and data-driven IMC approach.

Gay Clout

Gay and lesbians, a demographic segment with hefty spending clout, are tuning in:

A scene from NBC's 'Will and Grace'

- **Estimated U.S. population:** 14 million
- **Average household income:** $61,300
- **Spending power:** $400 billion to $475 billion annually
- **Favorite shows*:**
  'Will & Grace' (NBC)
  'Queer as Folk' (Showtime)
  'Six Feet Under' (HBO)
  'Trading Spaces' (TLC)

*Of 5,000 surveyed, before 'Queer Eye for the Straight Guy' became a hit

Sources: Forrester Research; Prime Access; OpusComm Group; Syracuse University

consumers. The initiative was sparked by the success of Fabuloso, a Mexican brand that Colgate-Palmolive brought north to the United States in 1997. Ruth Gavaria, a former Colgate executive who launched Fabuloso in the United States, believed that Glade's move into household cleaners targeting Hispanic-Americans made perfect sense, as research showed that many Hispanic-Americans are very fragrance-oriented and connect with high-fragrance products. They prefer stronger scents (Neff, 2004). Glade marketers used the data from the customer-centric Fabuloso product launch to drive the success of their own product.

An example of a popular research methodology that fails to consider ethnic differences is Nielsen's Local People Meter (LPM) data collection. LPMs, commonly known as "people meters," are electronic devices that measure TV ratings in big cities. People meters have been used since 1987 to gather Nielsen's national ratings data without much criticism until recently. Critics of the LPMs say the data suggest the system undercounts the number of African-American and Hispanic-American viewers despite the company's efforts to fine-tune the technology. For example, the data show that from 7 to 8 p.m. in New York, the new system registered a drop of 32 percent fewer African-American viewers compared with the older system (Hernandez, 2004). In addition, about 19 percent of African-American and Hispanic-American households did not register their viewing preferences, compared with about 15 percent of Caucasian-American households (Hernandez, 2004). Because the data-collection method is imperfect, networks and marketers could be easily discouraged from advertising on programs aimed at these viewers.

Networks, ethnic media companies, respected researchers and demographers should collaborate to develop an audience-measurement tool that puts ethnic media on a level playing field with the general market media. With this tool in place, marketers would see that smart business decisions and multicultural marketing are not mutually exclusive.

Creative Messaging Must Resonate with the Target

Many marketers assume that the African-American segment perceives brands as Caucasian-Americans do. Thus, fewer dollars are spent on research to better understand the cultural nuances of this audience, and many times perceived stereotypes are reinforced. For example, while qualitative research shows that African-Americans notice and appreciate seeing other African-Americans in commercials, many marketers think that marketing to African-Americans means showing images of superstars like Michael Jordan and Shaquille O' Neil.

Another example is the use of hip hop culture. Hip hop's urban influence is evident in American pop culture and hip hop terminology has become mainstream, evident in the fact that one of the Oxford English Dictionary's newest words is "bling-bling," a reference to elaborate jewelry and clothing. African-American hip hop influence is also prevalent in the music industry, as evidenced by the 2004 Grammy Awards, where almost all of the on-stage performers were African-Americans. Although this is an example of a trend that started in the African-American community, the African-American consumer is not automatically all about hip hop.

In the same way, the African-American consumer market cannot be communicated in a one-dimensional manner, using only sports superstars or hip hop culture. Much like the Caucasian-American and the Hispanic-American markets, African-American consumers can be segmented by income and education, as well as psychographics. An example of a company that has recognized this is DaimlerChrysler with its recent launch of the 2004 Dodge Durango.

Having admired the work that Cadillac Escalade had done to reach affluent African-American consumers, Dodge wanted to court the same group with its Durango. Facing a smaller advertising budget than the Escalade, it wanted to break through the clutter in less than 30 seconds. The result was a television spot called "Poster."

The commercial shows two men, one African-American the other Caucasian-American, in a public restroom looking at a poster ad of the new 2004 Dodge Durango over the urinal. A third African-American man is using the bathroom stall. The two men, looking at the poster, make reference to the fact that the new Durango is seven inches longer, commands respect and that one man will be waxing it tomorrow. The man in the stall, overhearing the two men, thinks they are talking about a more taboo subject. The double entendre technique is used to break through the clutter, but the relevance to African-Americans comes through in the commercial's copy, "My girlfriend loves it," "People admire me" and "They are envious of me." The history of African-Americans in the United States has been one of second-class citizenship. The overarching theme of respectability towards African-Americans comes across in the advertising and is successful when these copy points like these are recalled by African-Americans. The commercial positions Durango as aspirational in the eyes of how others will see this African-

"Poster" Dodge Durango Advertisement

Photos reprinted with permission from Automotive News, Nov. 10, 2003 © Automotive News. On the web at www.autonews.com.

American buyer. The spot was pre-tested and the results confirmed that it was engaging without being offensive. On the "awareness index," a measure of brand appeal, "Poster" rated more than twice as high among African-Americans compared with the average commercial scores (Stein, 2003).

The traditional way of targeting African-American consumers is to run general market creative in African-American media. Yes, the advertisers are reaching African-Americans, but does the message resonate with the audience? Professionals who specialize in marketing to this segment would say no. According to a Yankelovich study, a majority of African-Americans believe advertising is aimed at Caucasians and does not speak to them (Yankelovich, 2004). Dodge's spot was strategically placed during late-night television to ensure the audience was in the appropriate mindset to receive the messaging.

Dodge Durango's success is more the exception than the norm, for none of these recommendations would have manifested had it not been for Julie Roehm, Dodge's director of marketing, who served as an advocate for advertising to this target market within the Dodge division of Chrysler. Although she is Caucasian, she advocated that Dodge had to understand how to reach affluent African-Americans in a way that was not stereotypical, but real.

Ethnic Media Spending Should be Proportionate to Ethnic Buying Potential

Hispanic-Americans, currently the largest minority ethnic group in the United States, represent 14 percent of the U.S. population. Moreover, this group's buying power is projected to grow to 45 percent by 2009 (Selig, 2004). Despite this information, there is still no parity to media and marketing resources spent on this consumer group. Overall, marketers spend on average only 3 percent of their ad budgets on Hispanics — far too small an amount to effectively reach a market that comprises 14 percent of the population. These numbers become smaller and more disproportionate with African-Americans and Asian-Americans. Contrasting this to general market advertising expenditures to reach Caucasian-Americans, marketers spend over 90 percent of their marketing dollars to reach a group that makes up approximately 70 percent of the U.S. population (Donaton, 2004).

A marketer's multicultural advertising budget should be proportionate to the ethnic buying potential they are trying to reach. With 14 percent of the U.S. population being Hispanic, a marketer serious about reaching this audience theoretically should spend closer to 14 percent of their marketing dollars to reach this group. Sears, Roebuck & Co. is very much the exception to the rule; they spend just over 21 percent of their advertising budget to effectively reach Hispanics (Wentz, 2004).

The general media landscape is fragmented and Asian-American media is even more fragmented with the different intra-racial languages that exist. Kmart Corp. has incorporated marketing initiatives to reach this fragmented group. In 2003, Kmart created an entertainment and lifestyle publication called *Tea Leaf*, which was initially launched in select cities in California, where Asian-Americans represent 10 percent of the state's population. The initial distribution of 300,000 copies of *Tea Leaf* were inserted in Chinese, Vietnamese and Korean language newspapers in the California cities of Fresno, Los Angeles, Sacramento, San Bernardino, San Diego, San Francisco, Santa Barbara, Santa Cruz and Ventura. This publication, which is a supplement to Kmart's weekly advertising circular, contains Kmart select product offerings and editorial content, including exclusive interviews. Because Kmart knew that Asian-Americans respond favorably to seeing other Asian-Americans in advertising, CBS's "The Morning Show" anchor and "Big Brother" reality TV host Julie Chen, a Chinese American, was featured on the first cover of *Tea Leaf*. (Irwin, 2003).

Brand Experience at the Retail Level

Retailers are gaining marketing power and are beginning to be viewed by many as another vital "media vehicle." Manufacturers should partner with their retailers to bring the brand experience to the ethnic consumer through point-of-purchase.

An IMC approach, for example, may involve an automotive manufacturer developing a national branding campaign that targets African-Americans. This advertising will create brand awareness with the consumer. To continue this communication, regional advertising that has synergies with the African-American national campaign could feature a call to action. Next, a dealership in a primary market area consisting primarily of African-American zip codes can run retail advertising for its store in African-American newspapers. Lastly, the African-American customer comes into the dealership where there is point-of-purchase display tying back to the campaign's other brand contact points. This model follows the consumer all the way down the marketing purchase funnel from awareness to consideration to intent and, finally, to purchase.

This same model can be used for a packaged good. However, the manufacturer will have to strongly partner with retailers in specific ethnic areas to reach the consumer through in-store point-of-purchase displays or promotions, product samples or Premier Retail Networks (PRN). PRN is the only media network that reaches and engages consumers while they are shopping in the world's largest retailers. Manufacturers and retailers can partner together to run ethnic advertising on PRN while this consumer is shopping in stores in ethnic areas determined by zip code.

The Chevrolet division of General Motors is also reaching the Asian-American consumer in unconventional, yet effective ways. Advertising for Chevrolet will be placed in Asian grocery stores in the form of point-of-purchase aisle separators and grocery cart dividers. Chevrolet vehicle displays for Malibu Maxx and/or Aveo will be in the store's parking lots. Lastly, commercials were produced for rental videos that are available at Asian grocery stores. Largely for these efforts, the Asian-American Advertising Federation named GM Marketer of the Year. This is a clever and recommended tactic to engage the ethnic customer (GM Overdrive, 2004).

Conclusion

In a recent study by the Association of National Advertisers' Multicultural Marketing Committee, only 70 percent of respondents market to Hispanic-Americans, 59 percent market to African-Americans and 27 percent market to Asian-Americans. With the new census and buying power numbers for each ethnic group, 100 percent of all marketers should be reaching out to multicultural markets. With the population growth and the buying power of minorities reaching over $1 trillion, savvy marketers must think about how to answer the needs of these groups with an IMC approach to ultimately remain relevant in years to come. Marketers must view ethnic minority consumers as a "consumer segment within a segment" of the general population and should invest the time and money to understand these groups both qualitatively and quantitatively. Otherwise, marketers will miss out on the very lucrative multicultural dollar. Taking the IMC approach is critical. Speaking to multicultural consumers with relevant messaging will generate a positive brand image, and thus a brand-loyal customer. Obtaining research on ethnic consumers will also help retain these customers and acquire new ones.

Companies that do not notice the entire multicultural paradigm will lose their relevance in the decades to come. This is where a brand's employees, its retailers and the media must understand the implications of the new multicultural American customer. As a marketer, one must see that regardless of race, money is green. Market share means profitability and brand loyalty is priceless. These are the realities of the multicultural paradigm.

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APPLYING CUSTOMER ECOLOGY TO MAXIMIZE CUSTOMER VALUE

William L. Shulby

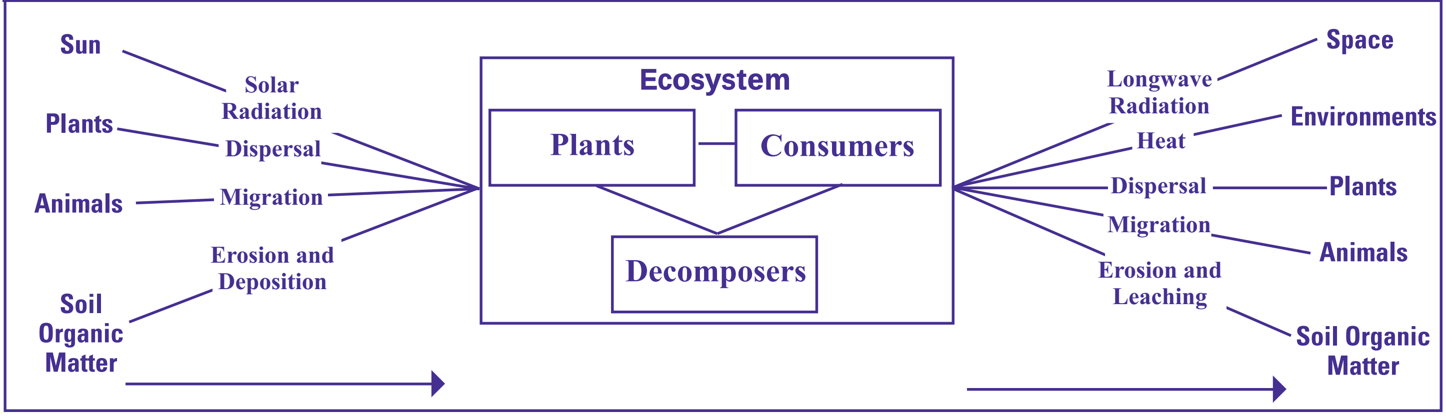
David J. Nash

Customer ecology explores the relationship of customers with a business enterprise where the customer is the focal point around which all organizational activity is focused, executed and measured. Customer ecology's underlying assumption is that customers are a finite resource that must be managed carefully to avoid waste. This article explores the concept of customer ecology and how it can maximize the lifetime value of a customer.

Ecology is defined as "the branch of science that is concerned with the relationship between organisms and their environments" (Ricklefs and Miller, 2000). Much like environmental ecology, customer ecology systematically explores the relationship between customers and a business enterprise. In such a framework, the customer is the focal point around which all organizational activity is focused, executed and measured — with the goal of improving customer relationships by leveraging technical and human capital. The system in which ecology "happens" is called an ecosystem, which is generally understood in terms of how energy flows through ecosystems (O'Neill, DeAngelis, Wade and Allen, 1986).

One framework for understanding the energy flow through an ecosystem is called an Eltonian Pyramid. Here, a large number of "primary producers" — primarily plant life transferring stored energy from solar radiation and soil nutrients — begin the flow of energy to other individual organisms within that ecosystem. Primary consumers (herbivores) feed on the plants; secondary consumers (first-level carnivores) feed on the primary consumers; tertiary consumers (second-level carnivores) feed on the secondary consumers (Mueller, 1992; Ricklefs and Miller, 2000). Nevertheless, in this transfer of energy from one organism to another, not all of the energy at each level is transferred to the next level. The organism uses some of the energy, but much of it is lost in the transfer (e.g., solar energy not transferred into chlorophyll, soil nutrients not absorbed by

Figure 1



plants, plants not captured by herbivores, herbivores not captured by primary carnivores, etc.).

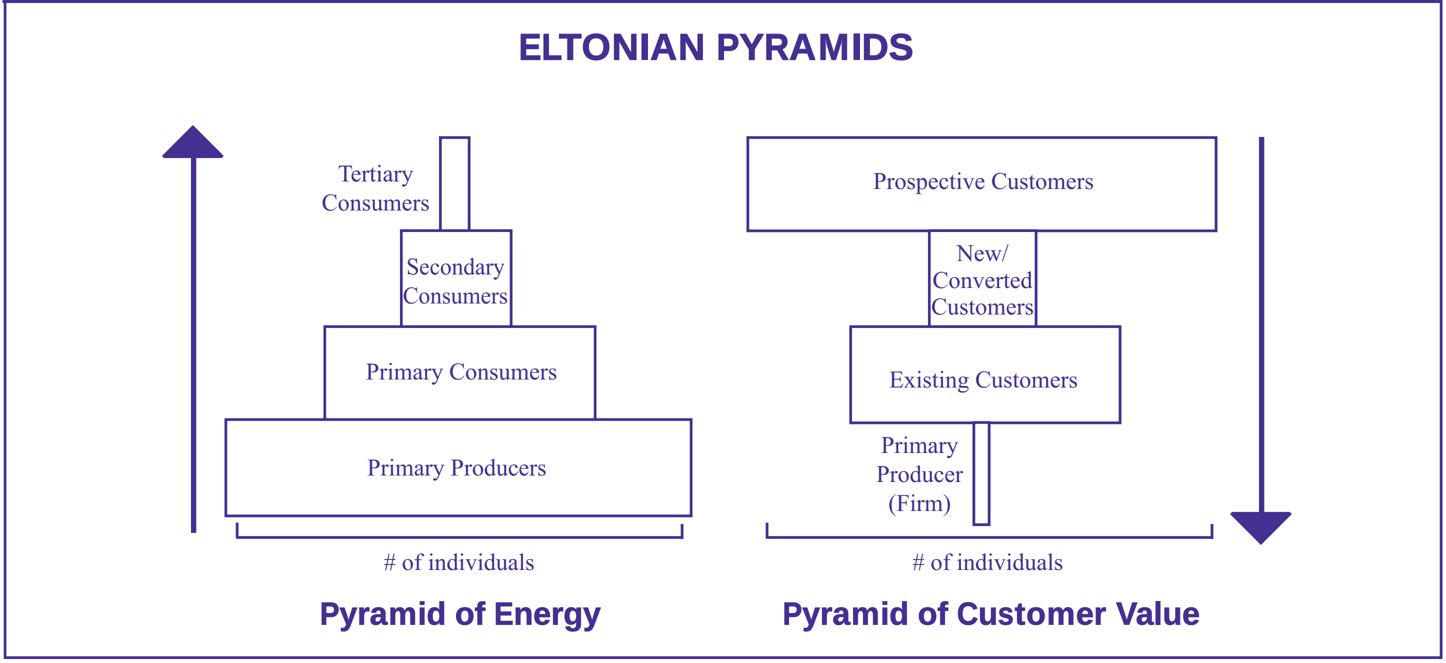
Customer ecosystems can similarly be understood in terms of the flow of value through these ecosystems. In such an ecosystem, the business enterprise is the primary producer; however, the flow of customer value occurs in the opposite direction. The universe of prospective customers has a theoretical lifetime value to the enterprise that is limited only by its market size, accessibility and ability to purchase products or services from the enterprise. Inability to convert prospective customers into first-time buyers, first-time buyers into repeat customers, repeat customers into high-value customers and lost customers into re-activated customers reduces the value realized by the enterprise. This unrealized value, much like energy in the previous example, remains within the customer ecosystem but is not converted into realizable customer lifetime value by the enterprise.

Core Activities for Sustainable Customer Ecology

Customer ecology significantly parallels agricultural ecology. Agricultural ecology tells us that there are several core activities necessary for sustainable agriculture: reclamation, conservation, cultivation, conversion and crop rotation. Similar processes are necessary to sustain and grow the customer franchise.

Ecological reclamation is the conversion of wasteland into land suitable to inhabit or cultivate. Lands and waterways lost to or endangered by pollution are frequently the focus of intense ecological reclamation efforts. Customer reclamation is similarly the process of converting previously lost

Figure 2



customers to new customers. This process, known as "win-back," is in some industries the focus of intense enterprise-wide efforts.

Cultivation is the process of promoting the growth of crops. Cultivation includes applying specific fertilizers, pesticides and herbicides at certain times and in certain measured quantities. Customer cultivation is the process of encouraging new and current customers to realize their full potential value (i.e., customer growth via cross-selling and up-selling). Customer cultivation includes understanding customers' needs and buying patterns (Coyles and Gokey, 2004) and using this information to tailor and personalize product offers, communications and services (Peppers and Rogers, 1997).

Conservation is the protection, preservation, management, or restoration of natural resources such as forests, soil and water. Erosion control and water-management projects are but a few examples of such efforts. Customer conservation focuses on the activities and enablers that allow the enterprise to prevent the loss of customers and thus minimize their reclamation efforts. Renewal programs targeting customers with impending expirations are standard business processes at subscription media companies and at term-based insurance companies. Analytics in the form of attrition models, liquidation models and defection detectors are now being used as triggers for conservation efforts at other companies in other industries.

Conversion is the acquisition of a new property by a living organism that changes the nature of that organism. Conversion in a customer ecosystem changes the nature of an individual, for example, from that of a suspect or a prospect to that of a first-time buyer. Conversion is also the process of transforming a repeat purchaser into a high-value customer, that is transforming unrealized to realized customer value.

Another core component of agricultural ecology is the practice of crop rotation. Crop rotation is a planned order of specific crops planted on the same field. Some of the general purposes of rotations are to improve or maintain soil fertility, reduce erosion and increase net profits. One immediate economic benefit of crop rotations is improved yields. The

Guardian Financial Services Inc.

Environmental scientists use kilocalories per square meter as a key measure in analyzing the longitudinal performance of an ecosystem. Similarly, the performance of customer ecosystems needs to be gauged in order to determine the success of improvement initiatives that focus on improving the efficiency and/or effectiveness of customer interactions. A key measure in this regard is customer profitability.

Guardian Financial Services, a New York-based insurance and investment company, is committed to growing its business and shareholder value in a converging and increasingly competitive market. Guardian's business strategy is based on four key elements reminiscent of a balanced score-card. One of these elements centers on increasing customer profitability. Guardian is doing this by:

1. Working across business units and support organizations to reach agreement on the definition of customer profitability and developing the calculations to measure it.
2. Identifying high-value customers through economic segmentation.
3. Listening to high-value customers and identifying ways to improve the customer experience.
4. Improving the customer experience and reducing value leakage by better aligning sales and service with the desires of high-value customers.
5. Measuring the impact of these alignment efforts on customer profitability.

Guardian is practicing customer ecology by listening to the suggestions of its high-value customers and improving their sales and service experiences. This is not only a conservation effort, but is also a means of cultivating value among its customers. Guardian assesses the health of its customer ecosystem by measuring the impact on customer profitability from the improvements it makes to the customer experience. This allows Guardian to determine if and to what extent the improvements it has made conserved and/or cultivated value.

concept of crop rotation can be applied to customer ecology as well. If an enterprise does not adequately manage and cultivate the customer relationship, the relationship yields will be compromised, thereby adversely affecting customer lifetime values. Investing in customer-level marketing when necessary, without violating privacy issues or depleting relationship goodwill, can prevent these negative effects.

Thus at the highest level, customer ecology is similar to the types of ecology practiced in agriculture, forestry and other industries. Farmers, foresters and environmentalists offer interesting lessons and metaphors to marketers. Marketers focus on conditioning the marketing environment, seeding, cultivating, conserving and recovering customers. Therefore, customer ecology's underlying assumption is that customers are a finite resource that must be managed carefully to avoid waste.

Managing the Value of the Customer Franchise

Customers are assets. In fact, they are the core assets that generate revenue for a firm. Without customers, our products, services, advertising time and space, real estate, machinery and investments are without value and are simply unnecessary costs. We invest in our assets to produce returns on our investments — returns that are provided by customers. Strategies that consider the infinite potential of customers can produce value. But such strategies can sub-optimize the value derived because of higher acquisition costs and the opportunistic nature of the exchange (Reicheld, 1996).

Customer ecology is an approach to maximize the value of the customer franchise by managing prospects and customers as limited and precious natural resources. Customer ecology focuses on the ways in which we transition customers from state to state: from prospect to shopper/inquirer; from shopper/inquirer to first-time buyer; from first-time buyer to repeat buyer; from repeat buyer to brand advocate. It is measured by the value that is transferred from the prospect universe to the firm.

Customer ecology does not discount the importance of the product or service offering to customers and its impact on the bottom line. Rather, customer ecology complements the market offering and seeks ways in which to optimize the value of the customer franchise by attempting to manage the purchase activities of those customers.

The Customer Ecology Process

Environmental ecologists look at the transfer of energy among the various layers of the biosphere. The sun, plants, animals and organic matter combine to create energy that is subsequently transferred from producers to consumers. However, only some of the energy in the system flows from producers to primary consumers. For example, less than three percent of all sunlight that reaches the Earth is used (or fixed) for photosynthesis, the process through which plants transform sunlight into energy. This energy is released in

Figure 3 - The Customer Ecology Process

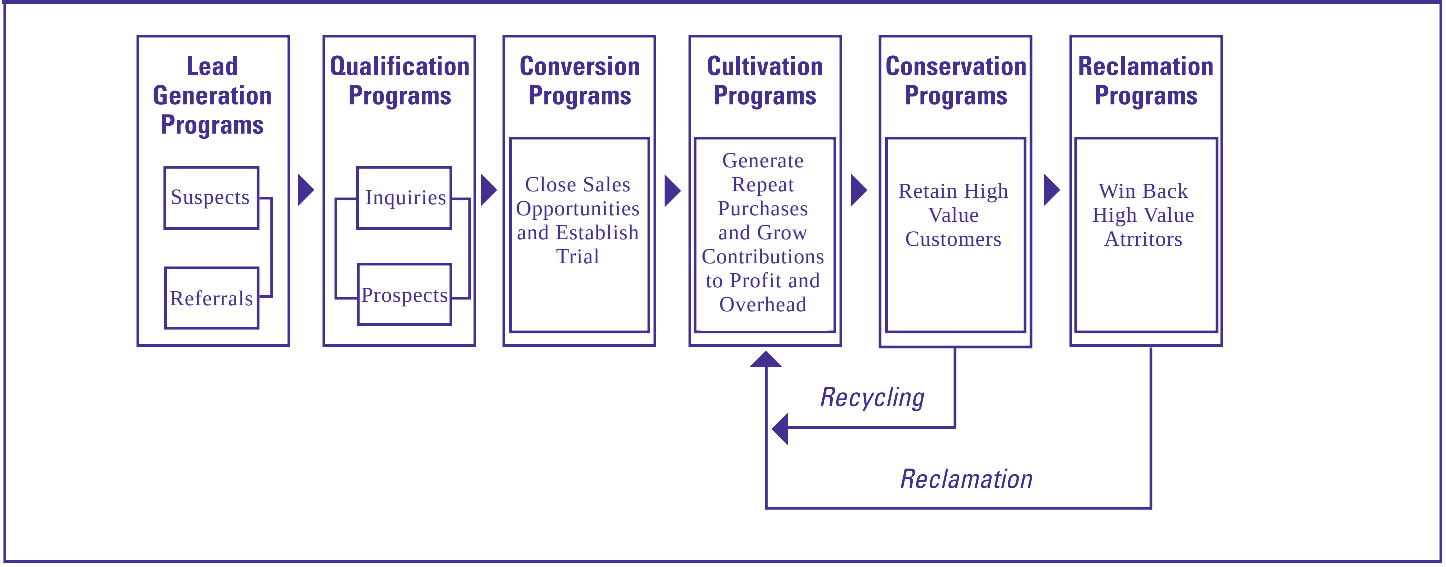
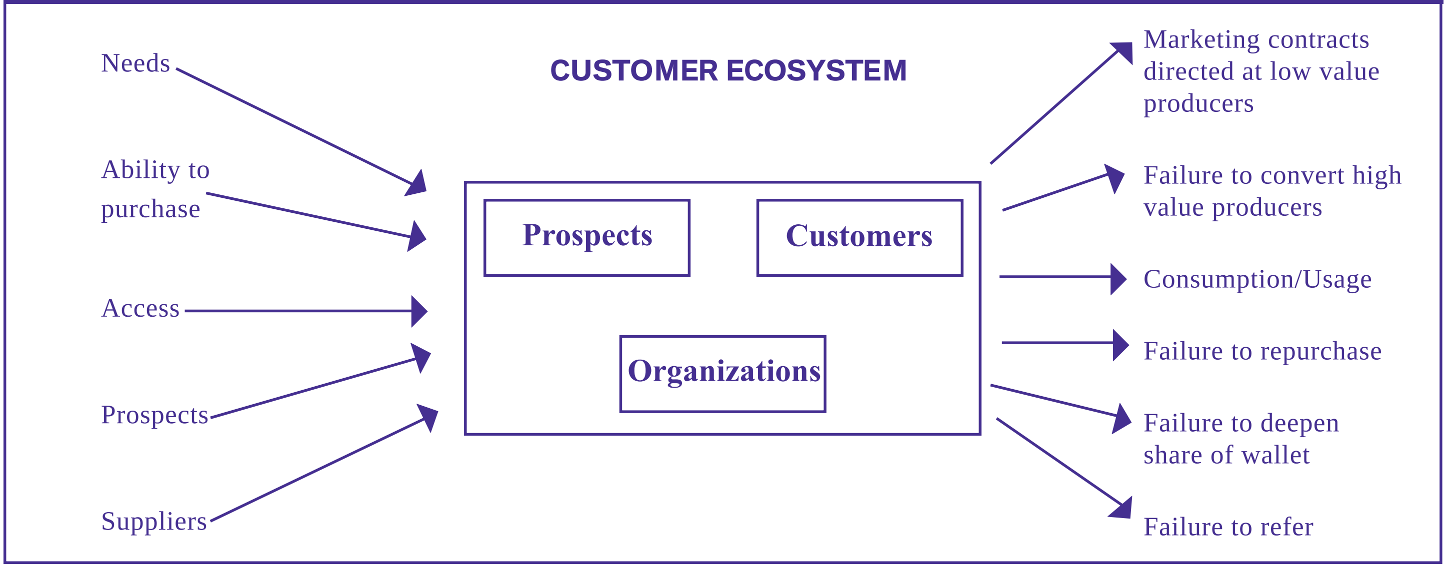


Figure 4



plants (autotrophs) and animals (heterotrophs-herbivores, carnivores and detritivores) through cellular respiration. The 97 percent or more of sunlight left is not lost, but spent elsewhere in the form of long-wave radiation and heat (Mueller, 1992; Ricklefs and Miller, 2000).

In much the same way, we can look at the customer ecosystem as one in which value is realized and transferred. Value is the "energy" of the customer ecosystem. Without value, there is no transfer and no system.

We do not try to define value here. Other authors have done an outstanding job defining and measuring value (Rust, Zeithaml and Lemon 2000; Berger, 1998; Hughes, 1994; Jackson, 1989; Schell, 1990). Authors such as Blattberg, Thomas et. al. (2001), have argued that value should be measured in terms of contribution profit; and still others have argued for use of operating profit as the operationalization of value. We have used all of these various metrics at one time or another and suggest that for purposes of customer ecology, all that is needed is a systematic and methodologically rigorous approach to value measurement. Most authors conclude that the importance of the measure is less about the precision of the metric than it is about its ability to provide relevant and actionable insight that can be effectively implemented within the organization. With this in mind, we will refer to lifetime value (LTV) as the measure of value in the customer ecosystem. This does not mean LTV is the only measure of value, but it does serve as an effective directional measure for customer-centric firms looking to optimize firm profitability and cash flow.

Thus, potential value comes from five customer need dimensions: unsatisfied needs; the number of people with those unsatisfied needs (e.g., the size of the prospect universe); the ability, or inability, of prospects to purchase a product to satisfy those needs; the existence and number of suppliers that can satisfy those needs; and prospects' access to communications and points of sale for products that satisfy those needs (see Figure 4 above). All of these five elements combine within the ecosystem to create value and that value is transferred from level to level within the ecosystem.

Sources of Value Leakage

Just as sunlight not absorbed by producers in the biosphere is not transferred and is lost in the form of radiation and heat, the value transfer that occurs in the customer ecosystem is most often incomplete. Some of that value is never realized nor transferred because communications and promotions reach individuals that are already satisfying their needs (redundancy of effort). Value is also lost when that communication reaches individuals that do not have the need (poor targeting) or when communication reaches individuals that do not perceive the market offering as a solution to their need. Value is additionally lost when individuals with the need fail to become aware of the product that would satisfy it, fail to become converted to the product from another

Anthem Inc.

Losing customers to competitors is one way that value is lost from customer ecosystems. Some companies respond to such pressures by reducing their prices. Unfortunately, this remedy may be as bad, or worse, than the problem itself. As price decreases, so does the value of the customer franchise.

Anthem Inc., the fourth largest publicly traded health benefits company and an independent licensee of the Blue Cross and Blue Shield Association, provides health care benefits to approximately 13 million people in the United States. Anthem's innovative web-based wellness program focuses on conserving value — not only the value of its own customer ecosystem, but also the value found in the ecosystems of the employers and members they serve.

It used to be that the cost of providing health benefits to employees rose at a rate close to that of general inflation. Employers regularly renewed their health benefits contracts with their providers and rarely changed carriers.

During the latter part of the 1990s, however, health care costs started to increase at double-digit rates, putting significant pressure on the cost structures of employers. Today, employers aggressively manage the rising costs of health care benefits by annually seeking out the health benefits company willing to provide the most services for least amount by putting the contracts up for bid. Such practices force carriers to annually compete for the business of their current clients and expend greater resources to renew contracts and retain their customers.

Anthem's wellness program, called "Anthem Rewards," systematically rewards participants for living healthy and active lifestyles. According to the U.S. Department of Health and Human Services, such lifestyles moderate obesity and the occurrence of diseases associated with obesity, smoking, drinking, etc.

"By offering members who participate in the program a broad range of rewards from T-shirts to tents," says Anthem Rewards program manager John Holland, "We encourage our members to live healthy lifestyles and assist our employers in their efforts to better manage costs."

Anthem Rewards creates a pull for Anthem's core products and services, thus increasing the likelihood of conserving employers currently under contract. Additionally, the program has generated testimonials from participants who say they have quit smoking or lowered their cholesterol by participating in the program. By encouraging members to live healthy lifestyles and, in turn, reducing medical costs, Anthem minimizes value leakage in its customer ecosystem of employers through effective conservation and conversion.

As indicated by the scores of testimonials and referrals from the more than 60 employers and 15,000 members currently participating in the program, the strategy is working. Employers have chosen to stay with Anthem and have even begun to sign longer-term contracts with the carrier, even when presented with attractive offers from competing carriers.

product or fail to re-purchase the product that satisfies their need. Some of this leakage is a consequence of the inefficiencies of the system itself. However, much of the remaining value is not transferred simply because of poor execution (Kestnbaum, Kestnbaum and Ames, 1998; Schultz, Tannenbaum and Lauterborn, 1994).

Calculating and Reducing Customer Value Leakage

Management's job is to maximize shareholder and customer value within a series of constraints (including ethical and moral definitions). Thus, the value in the customer ecosystem may be thought of in terms of the following equations:

$$\text{Min} \sum_{x=1}^{n} \Delta CV_{1 \text{ to } 2} + \Delta CV_{2 \text{ to } 3} \ldots + \Delta CV_{(n-1) \text{ to } n}$$

and

$$\Delta CV_{(n-1) \text{ to } n} = LTV_n - LTV_{(n-1)}$$

Where LTV_x equals the lifetime value of a customer at a given level and $\Delta CV_{(x-1)\text{ to }x}$ equals the change in lifetime value as a customer moves from one level to the next.

Constraints:

LTV_0 = f{market size, accessibility, ability to purchase}

$LTV_{1,n}$ = f{relative attractiveness/appeal of value proposition/market offering}, f{budget $, resources, LTV_0}, f{existing capital structure of the firm}, f{effectiveness and efficiency}

$LTV_n < LTV_{(n-1)}$

Thus, the overriding goal is to minimize the change (or loss) of customer value as a customer moves through each level of the process.

Managerial Implications

Value leakage occurs at and between each of the levels of the customer ecosystem. Various other authors have extensively discussed the topic of customer retention, but lack of retention is only one source of value leakage. From a recent study, the management consulting firm McKinsey & Co. observed that changing patterns of organizational spending may account for more value leakage than customer defection (Coyles and Gokey, 2004). If you only focus on reducing leakage from defectors, you may ignore other opportunities to stem value leakage and increase the value of the ecosystem.

Seek to increase value where productivity is already high and reduce wasted efforts in unproductive customer ecosystems. Swamps and marshes are among the most productive environments in the world because of the sheer number of producers supported by these types of ecosystems. Deserts, on the other hand, contain the fewest producers and thus have the lowest productivity (Ricklefs and Miller, 2004; Odom, 1957). Prospects and customers may be thought of in a similar vein. For example, price-conscious "cherry-pickers" may offer little value to the ecosystem and pursuing these customers might in fact allow more value leakage. Alternatively, prospects that share demographic, behavioral and attitudinal traits with high-value customers are often good targets for increasing value. Estimate the value of the ecosystem in which you prospect, convert, cultivate, recycle and reclaim. Monitor the value derived and the processes you are using to derive value.

Once you find the ecosystems of high producers, build around them. Identify your top customers and give every employee a list of them. Top customers should get priority in treatment and services, including in the shipping and receiving departments, finance/accounting departments and repair services. Identify customers who are both net producers and net consumers of energy. Net producers can be thought of as a "queen bees," emitting energy and helping to "show the enterprise the way." Cultivate relationships with these customers and leverage their expertise to guide product/service development. Net consumers are those customers who suck up more energy than they transmit. Most companies have customers with constant demands, who always want what amounts to "special service." Yet their value does not justify it. Regardless of how it looks on paper, companies lose money on them over the long term as they siphon resources that could be better used on net producers. Help net consumers find a better supplier to satisfy their needs. Your credibility can remain sufficiently high with these customers and they can continue to be a customer for the part of the relationship the firm can serve profitably — thus turning a headache into a profit.

Everybody within the organization must be ecologically conscious, not only the marketing communications and sales departments. It is necessary that marketing be in the vanguard of building awareness of customer ecology, but it is not sufficient to produce results. Results are produced when everyone in the company sees customer ecology as of primary importance and the functional areas are aligned. Sales, manufacturing, operations, finance, dispatch/repair, customer service, shipping/receiving and finance all need to recognize the importance of stopping value leakage and perform their jobs accordingly.

Develop rewards for performance. Measure the value of your customer ecosystem and establish targets for growing it. Work with each functional area and business unit to develop "stretch" goals in their areas (i.e., no repair for a top customer will take longer than two weeks). What gets done is what gets measured and rewarded. Only then can an organization truly achieve a reduction in value leakage by utilizing customer ecology.

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William L. Shulby is the president of Customer Asset Management Company Inc., a consulting firm that designs and deploys practical and measurable strategies and programs that assist clients in profitably developing, acquiring and retaining customers. Bill has served as consultant to companies in insurance, financial services, health care, consumer products, retail, manufacturing and telecommunications. Bill is also an adjunct professor at the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill, where he teaches courses in brand and product management. Bill holds a master's of business administration and a master's of science in marketing from Louisiana State University. He and his family reside in Raleigh, N.C. Bill can be reached at 919-882-2054 and at wshulby@ca-mgt.com.

David J. Nash is a senior consultant at CSC Consulting in the customer intelligence practice, which focuses on helping clients achieve customer-centered growth via information management, analytics and process design and execution. His list of consulting clients includes numerous Fortune 1000 clients in the financial services, health care, technology, telecommunications, transportation, and distribution and manufacturing industries. Dave earned a master's of science in integrated marketing communications from Northwestern University. He also holds a master's of business administration in finance and bachelor's of science in management, summa cum laude, from Case Western Reserve University. Dave is also a member of the B2B Committee of the Chicago-American Marketing Association. He resides with his wife and newborn daughter near Chicago, Ill. Dave can be reached at dnash3@csc.com.

SUBSCRIPTION INFORMATION

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CALL FOR ARTICLES

Article ideas are solicited each year from professionals and the academic community. In January or February, the JIMC staff will issue a call for abstracts. Interested authors should develop their article idea into an abstract that will be put through a blind review selection process. A blind review of the article abstracts ensures that each submission is judged on its merits and ability to further the marketing communications profession.

Abstracts should be approximately 250-500 words and provide a concise overview of the article topic and how it will be addressed. Abstracts should be typed and double-spaced.

Examples of suitable articles

- Case studies: An overview of an IMC plan, problem or opportunity
- Point/counterpoint: Two articles from different authors expressing opposing viewpoints
- Theoretical or conceptual: An introduction of new concepts, explanations or viewpoints
- Reviews: A critique of published IMC material
- Research: A presentation of original research and methodology

Basis for selecting articles

- Potential impact on marketing communications practices or on an individual industry
- Identification of an emerging trend
- Ability to provoke thought and discussion
- Timeliness

Abstract submission guidelines

- Concise overview of the article's main points and conclusion regarding IMC trends, tools, research, etc.
- As appropriate, authors should mention new research findings and/or methodologies used to arrive at the conclusion
- Double-spaced on 8$^{1/2}$" x 11" paper
- Separate cover page should include: the contributor's name, title, company/school/affiliation, address, telephone number, fax number and e-mail address

Please send abstracts to the editor-in-chief at jimc@northwestern.edu or by mail:

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Journal of Integrated Marketing Communications

STAFF BIOGRAPHIES

Rachel O'Konis, Editor-in-Chief

Rachel is graduating from the IMC program with an emphasis in public relations. She spent her summer residency in the Corporate Communications and Investor Relations Department at W.W. Grainger, where she evaluated communication efforts, built a template to measure future efforts and preformed day-to-day employee communications work. Before entering the IMC program, Rachel worked for the University of Wisconsin-Madison's University Health Services as a communications jack-of-all-trades. Rachel earned a bachelor's in journalism, from the University of Wisconsin–Madison.

LeeAnn Peterson, Managing Editor

LeeAnn will graduate from the IMC program as a generalist. She gained valuable experience this summer working in the Retail Marketing group at FedEx Corporation to support the Kinko's acquisition. LeeAnn developed a strategic test to measure the impact a retail center closure and conversion would have on both the company and the customer. Prior to graduate school, LeeAnn began her career in account management working on the American Airlines business. LeeAnn transitioned to the client side and served as a Marketing Manager for Wyndham Hotels & Resorts. LeeAnn graduated from Southern Methodist University where she earned her bachelor's degree in advertising.

Megan Lawrence, Editorial Director

Megan will graduate from the IMC program with a focus in advertising. She gained valuable experience this summer as a resident at the Boeing Company where she assisted in the development of an internal branding and communications campaign affecting more than 21,000 employees. Prior to Northwestern, Megan worked at a boutique brand relationship firm in Burlington, Vermont where she specialized in public relations. She helped clients such as McGill University and the New England Culinary Institute increase student enrollment, as well as managed an anti-smoking campaign for the Vermont Department of Health. Megan graduated *magna cum laude* from Bowdoin College where she earned her bachelor's degree in sociology.

Louisa Worthington, Production Editor

Louisa will graduate from the IMC program with a focus in public relations. While a resident at General Motors in the Buick Communications Department, she primarily worked on the launch of the new Buick LaCrosse sedan. Prior to Northwestern, Louisa worked in public relations at a non-profit children's mental health facility where she managed various communications and marketing initiatives. Louisa graduated from Ohio University with a degree in visual communications.

Liisa Anderson, Associate Editor

Liisa will be a graduate of the advertising sequence in the IMC program. Prior to IMC, Liisa worked as a change management consultant for Accenture for major telecommunications clients. Liisa's residency in Motorola's Global Product Marketing group provided her with experience in segmenting and positioning handsets and in analyzing the competitive environment within the wireless industry. Liisa earned her bachelor's degree in business administration from the University of Illinois at Urbana-Champaign.

Vaughn Kinghorn, Associate Editor

As a professional resident with Rand McNally, Vaughn worked on the new products/strategy team developing marketing plans for two new product launches. In addition to his work on the JIMC, Vaughn was the co-chair of the orientation committee. Prior to graduate school, he was director of marketing at an international plant company and oversaw marketing at a full-service travel agency. Vaughn graduated from Utah State University with a bachelor's in print journalism.

Elizabeth McCulloch, Associate Editor

Elizabeth is a Spanish speaker and outdoor enthusiast from Colorado with experience on both sides of the media as an IMC professional and as a journalist. She is the only IMC writer for the Medill Magazine and Web site and has written for other publications, including *The Daily Camera* and *SKI Magazine*. She created and implemented an integrated marketing plan for Baxer International to position new technology and restructure changes in the United States and Puerto Rico for her summer residency. She is an IMC mentor and member of the Rotaract Club, Graduate Student Association and Orientation, Graduation and JIMC event committees.

Andrei Najjar, Associate Editor

A longtime proponent of integrated marketing, Andrei has greatly enjoyed contributing to this year's journal. Prior to school, he held various product management and marketing positions with Gap Inc. and Abercrombie & Fitch Co. He spent this past summer with Target Corp., where he developed a strategic analysis and positioning project that encompassed $2 billion in revenues. Andrei graduated from Northwestern University with a dual-degree in international studies and sociology.

Valerie Zanchettin, Copy Editor

Valerie came to IMC after working at Edelman Public Relations in Washington, D.C. A member of the public affairs team, she gained a variety of experience working for clients such as the National

Endowment for the Arts, The Church of Jesus Christ of Latter-day Saints and Shula's Steak House. In her residency, Valerie worked in the global communications department of Abbott Laboratories' diagnostics division. She developed media materials for offices around the world, developed internal communications and assisted with a re-branding initiative. Valerie graduated *cum laude* from Duke University where she earned her bachelor's degree in political science and European studies. She is fluent in Italian and French.

Cindy Chang, Web Editor

Before coming to IMC, Cindy earned a B.S. in marketing from the University of Illinois at Urbana-Champaign. She has also worked in communications in the non-profit industry, including at the Make-A-Wish Foundation. She is currently in the direct, database and e-commerce sequence at IMC and spent her summer residency at Maritz Loyalty Marketing.

Kelly Stein, External Communications Director

Graduating from Northwestern University in December 2004, Kelly is excited to start her career in the marketing world. This summer, while working at Frankel (a subsidiary of the Publicis Groupe), she managed a customer marketing research project that looked at the complex sell-in process between a CPG manufacturer and retailer. Kelly also contributed to the United Airlines account team. Prior to the IMC program, Kelly worked on the audit and tax teams at a Chicago CPA firm, until eventually moving into a financial analyst role at a telecommunications company. She received her B.S. in business administration from Indiana University.

Cory Mitchell, Director of Fund-raising

Cory is graduating from the IMC program with an emphasis in public relations. During her summer residency, she was part of the marketing team at Biz360. She created a marketing plan for the company to target a new audience, which included developing an internal account management strategy, program collateral and satisfaction surveys. Before the IMC program, Cory worked in government affairs as a policy analyst for the College of American Pathologists, in Washington, D.C. Cory received her bachelor's degree from the University of California, Santa Barbara, where she majored in communication.

Julie Elepano, Event/PR Associate

Julie is in the public relations sequence of the IMC program. Her residency was at 3M, where she worked as an analyst in the Strategic Communications department. In this role, she offered communications advice to various divisions of 3M, including the commercial graphics division and an international 3M subsidiary. Prior to Northwestern, she worked at a not-for-profit children's museum as the community relations manager. Julie is originally from Milwaukee, Wisc., and graduated with bachelor's degrees in communications and behavioral science from Mount Mary College.

Adra Graves, Publicity/PR Associate

Adra is graduating from the IMC program with emphases in both advertising and direct-database and e-commerce (DDE). She utilized these skills during her residency at Tennis Corporation of America, where she planned a promotional campaign and analyzed the potential for a proposed consumer target. Adra attended the University of Southern California and earned a bachelor's degree in communication. As an undergraduate, she interned at a market research firm and spent two years working in the public relations department of the Pasadena Tournament of Roses.

Julie Grider, University Relations

Julie is a generalist in the IMC program. She spent her residency summer at Yahoo! as a Product Manager in the Ad Services group. She authored a business case used to convince Yahoo! Web properties and management to adopt a new ad-services platform predicted to increase incremental ad sales revenue. Before attending Northwestern, she spent three years working for an online marketing agency in Chicago. Some of her clients included Motorola, Verizon DSL and Peapod. Julie graduated from the University of Arizona with a bachelor's degree in marketing and finance.

Latoya J. Brown, Internal Communications Associate

Latoya gained valuable experience during her summer residency with Toyota Motor Sales, U.S.A. Inc., where she worked on several corporate communications projects. The projects included publicity events to promote the national rollout of the Scion xA, xB and tC, as well as travel to Alaska and New York to publicize Toyota's 2005 truck line-up. Prior to the IMC program, Latoya worked for the Assistant Secretary for the Bureau of Immigration and Customs Enforcement within the Department of Homeland Security. Latoya earned a bachelor's degree from Howard University.

Soyeong Park, Internal Communications Associate

Soyeong is graduating from the IMC program, specializing in direct, database and e-commerce (DDE). She spent her residency in the Online Sales & Marketing team at Wells Fargo, where she conducted extensive market research and competitive analysis of online banking. Prior to the IMC program, Soyeong worked for the Boston Consulting Group as a Marketing Communications Coordinator. Soyeong received her B.S. in Russian language and literature and business administration, from Georgetown University.

Michelle Chin, Database Manager

Michelle is a graduate student at Northwestern University, where she is working towards a Master's of Science in integrated marketing communications. She spent her residency working with the Corporate PR group in the Corporate Relations department at Genentech. Michelle holds a degree from Dartmouth College where she studied literature, creative writing and psychology.