

New Technology Takes on Madison Avenue

perspectives from compete customer day 2006





For decades, Madison Avenue has directed traditional marketing up a **ONE-WAY STREET**

And, before the internet disrupted it, one-way marketing worked pretty well. But not since consumers seized the direction of their own information flow. Participants in Compete's Customer Day 2006 recognize the change and have embraced the power of two-way dialogue.

The internet has fundamentally changed the way people live their daily lives — they gather information faster, discover new interests, communicate more frequently with each other, explore and join online communities, and enjoy 24/7 purchasing power around the world. Yet, it is clear that old-world Madison Avenue is having difficulty coming to grips with the many ways consumers demand and consume information. Today, consumers are truly in control over how they interact with information and entertainment — TiVo enables commercial free TV, RSS feeds push relevant content to the desktop or mobile

device, search engines help find what they want, how and when they want it, and blogs, one of the most powerful new communication vehicles, is driving “citizen journalism” and forums for sharing opinions, ideas and information.

“Madison Avenue needs to figure out that it’s not a one way street anymore. It’s the new generation of marketers and consumers who will direct Madison Avenue and not the other way around.”

— Don McLagan, Compete, Inc.

Given that these innovative technologies have become such an intrinsic part of consumers lives, individuals are well positioned to dramatically transform the marketing strategies of both large and small companies. Yet traditional sales and marketing ideas and tactics have not evolved to engage customers in an interactive dialogue. According to Forrester Research¹, adults' ability to name a brand advertised on a TV show has dropped to a mere 10 percent over the last 35 years, but Madison Avenue continues to spend more than 91 percent of traditional advertising dollars where people spend just 35 percent of their time — television. There is the potential for a four-fold increase in the amount of ad dollars directed to the internet, but there isn't enough quality inventory to absorb it.

Success in the new marketing paradigm, where there is authentic connection between companies and consumers, will be determined by three main tenets — receiving permission to interact with and engage consumers, delivering relevance and convenience to them, and, finally, being a transparent, respectful partner in the relationship; meaning no adware, spyware or unwanted pop-ups that create an environment of distrust with your audience.

The issue of trust is fundamental to this shift in marketing. Consumers are increasingly dependent on peers for information and, consequently, word of mouth marketing is driving both preferences and purchases. This dynamic has been validated by the growing popularity of social networks. Millions of people are gathering and connecting through a variety

of online locations and communities providing individuals and groups with unprecedented power to influence buying decisions.

“The key is to understand that we're moving from a transactional interface which is unidirectional and lacks emotional connections with individuals and communities, to a social interface which is always based on consumers' willingness to participate in and control the conversation. Moving forward, the social dynamic of engaging one-to-one and in communities will be based on delivering information that is desired. It's amazing how disruptive it's going to be for companies.”

— Larry Weber, W2 Group



¹ Engaging Empowered Consumers, Forrester Research, Inc., 2005

As this transformation occurs, from one-way to two-way dialogues, push to permission, unequal to equal, and structured to unstructured marketers need to harness the power of technology and combine it with the voice of the customer, thereby creating value for both.

The concept of Web 2.0 is based on the evolution of the internet — the impact of both its successes and failures. Web 2.0 is about participation, collective intelligence and giving up some control of the technology platform. This evolution signaled a fundamental change in business practices and has created the opportunity for some leading companies to create next generation Marketing 2.0 programs.

Growth is being fueled by new web sites and applications which in turn, generate more site traffic. The 100th ranked site today generates as much traffic as the 29th ranked site only five years ago. Compete surveys reveal consumers' growing interest in social uses for the web and also a marked increase in looking for ways to avoid advertising. As it becomes harder and harder to attract consumer attention, Marketing 2.0 is pioneering five early approaches to the digital disequilibrium.

Good Listeners

Use the web to foster new and intimate consumer communities, then apply insights from these conversations throughout their marketing efforts

Digital Influencers

Shape blog conversations by actively participating in consumer blogs or creating their own marketer-sponsored blogs

Web Masters

Incorporate new consumer-generated content including ratings, product reviews and online forums as core component of online experience

Desktop Enablers

Extend customer relationships beyond their websites by creating branded, permissioned and always-on desktop marketing applications

Third Screeners

Transfer their brands to consumers' mobile handsets via relevant, targeted messaging and unique, mobile-only content

MARKETING 2.0 VIEWPOINTS

UPROMISE

Nine out of 10 of Upromise's members have given the company permission to market to them — creating a powerful way to build relationships. The company's business depends on an ongoing dialogue that spans years and requires in-depth knowledge and understanding of its members' needs and interests. Traditional marketing doesn't allow companies to create this dialogue with their customers. Upromise has worked with Compete to create the Upromise toolbar and adopt Marketing 2.0 techniques. All the features of the toolbar are designed to give members what they want when they want it. How successful is this approach? After members have downloaded and used the toolbar, 90 percent keep it. Madison Avenue can't deliver those same kinds of numbers.

“We have to engage and be in a dialogue with you on what is relevant for you, in a way that you trust and we can deliver things that you care about.”

— Tom Anderson, Upromise

AMERIPRISE FINANCIAL

The impact of Marketing 2.0 for Ameriprise Financial encompasses an array of online and offline direct marketing programs aimed at connecting targeted customers to real people who will have face-to-face, relationship-driven meetings. The elements that drive Marketing 2.0 extend throughout the Ameriprise organization

where teams from different parts of the company cooperate and combine resources, such as branding and advertising, to leverage a broad range of capabilities. The goal is not to “sell” a person, but to encourage them to engage in an informative dialogue with the company. By presenting relevant offers, Ameriprise has the opportunity to engage customers by providing them with relevant information in a timely fashion.

“Our challenge right now, and that of every marketer, is to balance what works with traditional media with what new tools we have available on the digital side.”

— Brian Marquis, Ameriprise Financial

VERIZON WIRELESS

For Verizon Wireless integrating key marketing elements across both traditional and digital media is fundamental to their strategy. Verizon seeks to capitalize on mobile marketing and other new marketing tools that put control and choice in their customers' hands.

“It's a matter of what relevant message we deliver to the right audience, and how we use all the mediums to mutually reinforce one another.”

— John Harrobin, Verizon Wireless

CARLSON HOTELS WORLDWIDE

Carlson Hotels Worldwide has undertaken significant effort with travel aggregators to provide consumers the most choices and best options. They work continuously to keep their Carlson sites engaging, personalized and useful with a goal of developing ongoing and positive relationships. Carlson views the creation of travel communities and affiliations as an opportunity to build an understanding of how people feel about travel while they are on the road. They envision making travel as more than just a way to get from point A to point B.

“Our branded web sites deliver a healthy share of our overall business, but we rely on digital channels to complement our traditional offline media.”

— Dawn Hepper, Carlson Hotels Worldwide

DAIMLERCHRYSLER

With close to 80 million visits to its website annually DaimlerChrysler understands the importance of customers' voice. The company tracks blogs, forums and other online properties to listen to and respond to consumers. Engaging the customer is an elemental piece of the DaimlerChrysler program so they continually evaluate Web 2.0 platforms and emerging technologies such as gaming and wireless. Chrysler has also found that customer-generated content such as pictures, videos and stories allows their customers a direct connection to the company.

“We've been very aggressive supporting the online agenda, but now we're moving into a new era of branded engagement.”

— Bonita Coleman Stewart, Vertical Director,
Automotive Google (former Director,
Interactive Communications for DaimlerChrysler)

MARKETING 2.0 INNOVATION SPARKS INTEGRATED DIGITAL STRATEGIES

What we've learned about this new and dynamic consumer-driven marketplace is that both individuals and companies are interested in more than simply copious amounts of information. In the end, companies have the opportunity to deliver value and create a loyal brand tribe, and, further, Marketing 2.0 requires integrated strategies so that consumers can make more informed decisions. Compete invited a panel of marketing services innovators to discuss the best way to leverage ideas and technology to allow marketers to learn from the new customer no matter where they are – online, in communities, with their friends, at events or even on their wireless devices.

“Taking everything we learned from the consumer on the internet; more choices, better reach and personalization, the mobile platform is the natural extension to current campaigns.”

— Tom Burgess, Third Screen Media

With the adoption and use of mobile devices growing at unprecedented rates, elusive consumers are becoming more accessible. The mobile platform allows us to add an element of geographic personalization opening new avenues for marketers. Advances in technology bring marketers a variety of



channels including WAP, video, downloadable applications and MMS to choose from, allowing an individualized way to reach consumers with the right information at the right time.

If consumers are looking for a compelling experience, then it is incumbent upon marketers to create something memorable. Consumers face a barrage of one-way advertising messages that are not part of a conversation. Although live interaction is at the core of experiential marketing, the new rules of Marketing 2.0 expand the experience to include everything from a live event, a place or even a virtual dialogue. Perhaps the most compelling part of experiential marketing is that it is invited and immediate; it and gives consumers something to act on now.

“Online communities allow companies to really listen to customers and make it easy for them to have a voice; customers can become incredibly connected with a company in this kind of forum.”

— Diane Hessian, Communispace

Almost everyone has heard of MySpace or Facebook, large, online communities. A private community of consumers can be a more compelling way for marketers to create an intimate dialogue with customers. Research from Communispace has shown that companies participating in an active conversation in an online community trust the company more, provide more thoughtful and detailed feedback, and recommend the company's products to more people. Communities are emerging as an always-on way to ensure that customers are truly a part of a company's planning, innovation and research.

With all the technologies available to drive Marketing 2.0, there also needs to be a measurement of the effectiveness of reaching today's elusive consumer. As part of this innovative group of companies preparing for a dramatically different future, Compete focuses on products and service that measure the impact of

online channel effectiveness. By analyzing the online behavior of over two million consumers who have joined Compete's permission-based panel, marketers have unprecedented ability to measure in-market demand, identify risks and quantify their share of a customer's wallet. Based on their experience in creating this deep knowledge of how customers respond, Compete also created a Voicebox platform that marketers can use to customize a downloadable application where direct conversations between brands and consumers can take place in real time. In the end, companies can transform the way they communicate with consumers by bring them together as equals.

The participants of Compete's Customer Day 2006 gave clear direction that new marketing must be about more than just shifting TV and print ads to search terms and website banners. It must be about engaging consumers in a two-way dialogue. Customer Day participants are trying, measuring and improving innovative marketing methods from communities to toolbars, and from events to social commerce, from traditional media to games and mobile phones. The common elements within all this new interactive traffic are permission, value and respect — treating the consumer as an equal on the two-way street. ■

Customer Day 2006

New Technology Takes on Madison Avenue

Armed with the Internet and other technology, consumers are increasingly elusive to traditional Madison Avenue techniques. Traditional market research is too slow and old marketing techniques too rigid to reach the new consumer. The innovative marketers and marketing services companies that attended this colloquium have embraced the same technology as consumers, not merely to sell to them but to engage consumers with their brands. Customer Day 2006 was Compete's forum to share, learn and refine new marketing skills for the new consumer.

Participants were leaders from companies including:

Ameriprise Financial

BzzAgent

Carlson Hotels Worldwide

Communispace

Digital Influence Group

E-LOAN®

InPhonic

Jack Morton Worldwide

MSN

One to One Interactive

Sprint Nextel

Subaru of America, Inc.

Third Screen Media

Upromise®

Verizon Wireless

W2 Group

Wells Fargo

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