

The NECG Edge

NECG PREDICTS

USA Today (4/29/01): "Would you like a café mocha with that?" McDonald's recently opened its first domestic McCafé gourmet coffee shop in downtown Chicago, complete with china cups, soft leather couches and lace curtains.

Edge: Although Starbucks shouldn't panic, NECG predicts that McDonald's could be successful. Here is a good example of McDonald's taking brand insistence all the way to brand brilliance!!! (See this issue's Leaders on the Edge interview with McDonald's SVP of International Relations).

Wall Street Journal (5/9/01): "Avon Products plays leading role in Sears-Penney retail partnership." Avon will decide which Sears and Penney locations will get to sell its Avon products.

Edge: A large risk given their independent salesforce, but we applaud the move and predict success, and if done right, their independent salesforce could actually grow in the face of conventional wisdom.

Wall Street Journal (4/27/01): 'Cigalett' Mints target customers who want alternative to cigarettes. 'They're the size of Tic Tacs and taste like mints, but they pack a wallop of nicotine.

Edge: The Edge predicts that once 'Cigalett' signs a big time ball

player to continually chew and blow bubbles that exhale obnoxious fumes when they pop, Star Scientific will then have a big league hit on its hands.

Wall Street Journal (4/26/01): "Banks add concierges, mimic the Gap." Banks such as Washington Mutual are bringing back the toaster with a new millennium twist: Coffee bars in the lobby, teller action figures, and yes, personal service.

Edge: The fact is we all love to be entertained, waited on, and respected; it's called good old fashion customer service. We predict this new banking experience will be a hit not only for customers, but employee morale and retention as well.

New York Times (5/14/01): "Merrill Lynch turns bearish on 'bullish'." Merrill Lynch announces a new corporate campaign for the second time in two years. Out goes 'Be Bullish', which succeeded 'Human Achievement', and in comes 'Ask Merrill'.

Edge: These selling ideas are one of the most important equity investments a company can make. The onus must be on research, the right selection, and holding on for the long term. Just what is Merrill's investment strategy? Customers want clarity, certainty and trust - the bull is great! If Merrill is confused . . . so will its customers.

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Business 2.0 (5/11/01): "Let your customers decide."

Customers who get to chose their own preferences will be more receptive to e-mail marketing.

Edge: NECG predicts that consumers who receive permission-based e-mail will become overloaded with daily e-mails and will scale back as they will not want as much information on a day-to-day basis. ■

What's Hot, What's Not

Hot!	Not!
.. Sopranos	.. The Weakest Link
.. Donna Hanover	.. Rudy Guiliani
.. Goodyear	.. Firestone
.. Red Bull	.. Hard Cider
.. Body Glitter	.. Tatoos
.. Job offer with-drawals	.. Signing bonuses

“Marketing Aha’s”

*Have you ever wondered why some marketers are better than others?
It may be that they have a clue about tapping into ‘Wassup’.*

As marketers, keeping up with the latest consumer trends is imperative. Anticipating and innovating to leverage the opportunities within those trends is what separates great marketers from good marketers. But very few marketers spend enough time distilling information and data into key consumer insights and enduring trends to leverage and capitalize on them. While no one here claims to be clairvoyant, it would be a mistake to not address or acknowledge some, if not ALL, of the following ‘Aha’s’ in the way you evaluate key marketing decisions.

- **“I don’t have time for this”:** Now this is hard! Not only do marketers need to tap into compelling and enduring consumer trends, we now need to worry about whether consumers will have the patience to hear what we have to say. Consumers are bombarded with a multitude of products, services and media messages. Their relative short attention spans have been compounded with information overload from modern delivery devices such as cell phones, pagers, e-mail, etc. They still crave information to make good purchase decisions, but in short, consumers are getting increasingly restless and impatient.

MTV has done a fabulous job dealing with their target audience’s ever shortening attention span by making the viewer feel/think he or she has everything to lose if they don’t pay attention. For example, a chance to win backstage passes to a Britney Spears’ concert or the ability to participate in lunch-time conversation the following day about the shenanigans on their reality TV show, Jackass.

Marketers must keep consumer messages relevant, impactful, and time sensitive. Yes, consumers should benefit from your message, but equally important, they should pay a large cost for missing your message.

- **You are what you eat, wear, drive, etc. . . .:** “I’ll have a double tall skimmed latte with a touch of cinnamon, no foam . . .” Marketers, with varying degrees of success, have taught consumers that their possessions are a reflection of who they are. Car companies have been using this technique for years. People generally have an expectation of the kind of people who drive a Volkswagen Jetta versus a Dodge Caravan. Beer manufacturers also spend a lot of their media dollars creating a persona for their brands. If we showed you a picture of two men and asked you who is a Bud-man vs. a Corona-man, you would probably be pretty accurate. Every day we are taught that it’s not just our house or our car which defines us, it’s our luggage, our phones, our laptops, our friends, our shoes, etc. . . .

Marketers must recognize that no matter how technologically complex or benign their product, unless you make it become a reflection of the user/purchaser or who he or she wants to be, they will be hard pressed developing and enjoying a loyal and ever-growing consumer franchise.

- **“Daddy Knows Best”:** With the proliferation of information and the increasingly long hours Americans are working, people are putting a premium on rediscovering their relationships with family and friends. They are less likely to rely on traditional ‘experts’; instead, they look to their family and friends for input and advice. In other words, people are seeking out the human touch in an age of technology and information explosion.

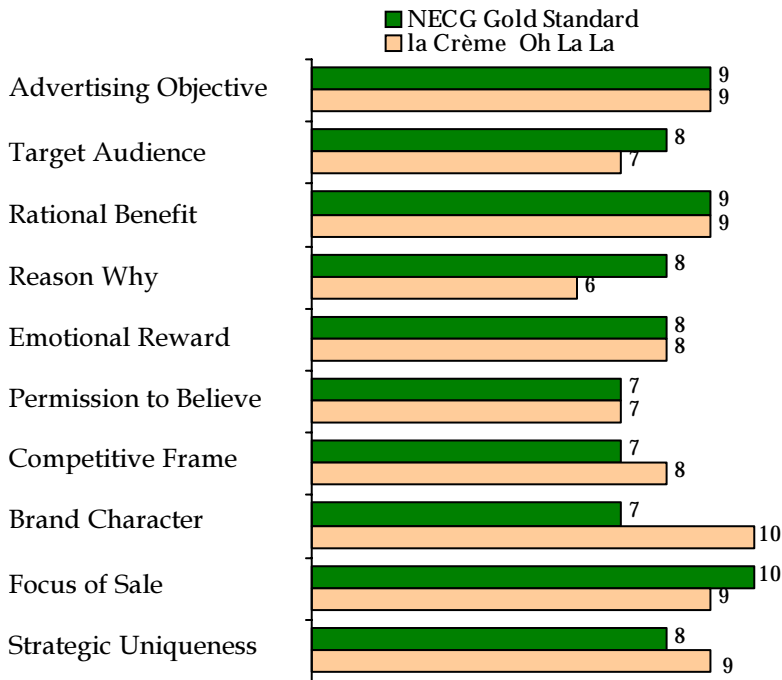
We also see the increasing popularity and importance of consumer opinions and referrals on the Web. Sites such as Amazon and CNet have done a great job leveraging the use of this trend by offering their users feedback from other consumers who have used the product. In fact, Amazon took the concept further with the creation of “Purchase Circles” which lists what people in other companies are reading.

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la Crème Oh La La Campaign

A mother and father act out a sensuous fantasy with Dannon's new la Crème premium yogurt. (You can see the ad on www.adcritic.com). The ad unfolds with the mother in a sexy french maid's outfit sitting on the father's lap feeding la Crème. He oohs and ahs at the sensuous texture, flavor, and lusciously rewarding experience. Suddenly, the couple's teenage daughter walks in with her friend and exclaims, "My parents are so weird."

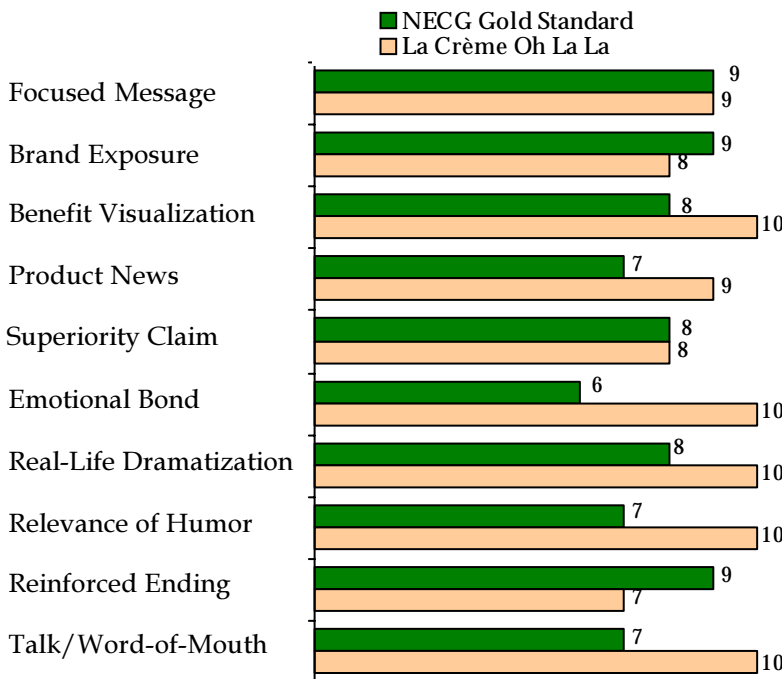


STIBEL ON STRATEGY

"Positioning la Crème as a sensuous adulteress, good enough to seduce Mr. and Mrs. America at dessert is not only gutsy, it's also smart! This advertising will be remembered and la Crème will sell. Careful General Mills -- while 'yo play', la Crème makes hay."




NECG Gold Standard = 81/100
la Crème Oh La La Campaign = 82/100



LEPRE ON EXECUTION

"la Crème is la Dreama of a spot. It's got it all. Smooth, luscious, forbidden sex built around smooth, luscious, la Crème yogurt. And just when you're ready to send your child out of the room, the real coup de grace, our characters' real child enters the room and mouths and oft repeated phrase, 'My parents are so weird'.

Humor and real life dramatization are effectively combined to generate this wonderful 'I can't wait to see it again spot'. C'est si bon! for la Crème yogurt."



NECG Gold Standard = 78/100
la Crème Oh La La Campaign = 91/100

Brand Power

by Larry Zwain, SVP of International Relations for McDonald's

On-the-Edge Accomplishments

- ☞ Developed McDonald's campaign: "We Love to See You Smile".
- ☞ Created brand agency network to implement national campaigns locally.
- ☞ Integral member of a team that identified and developed "The foundations of the McDonald's brand".
- ☞ Built brand management into brand leadership.



Edge: What is "Brand Power"?

LZ: Let's start out with a definition: Brand is the promise, which makes it into an agreement to deliver something unique and relevant or something human to customers. The best brands emotionally connect to their customers . . . whether those customers are consumers, employees, or partners running the business. Humanizing the brand is essential to everything McDonald's does and one of the reasons I think we've been so successful over the years.

Edge: Does McDonald's talk about brand in terms of a relationship or more as a promise?

LZ: Both. I think it's important to note that a brand is not just a product. A good product is part of a good brand; in fact it's essential, but a product alone is not sufficient to become a brand in the way we view it. A product is a brand when users don't simply use it, but experience it and incorporate it into their lives. In other words, companies own trademarks, consumers own brands.

Edge: Can you give us some examples of how McDonald's has successfully been able to develop the brand as a promise?

LZ: Let me answer with a quote: "Nothing compares with McDonald's for the power of the branding idea, the skill of its execution and the longevity and wit of its appeal. McDonald's is the quintessential American brand, which has

traveled the world on the strength of two quite distinct phenomena . . . one cultural, the other commercial. McDonald's simple but effective logo, the homogeneous interiors, the concentration of families and children, the identifiable décor and appeal add up to a branding formula that knows no national borders and invades no personal space. It's not just a product . . . it's an experience."

Edge: Why have you been so successful in sustaining your brand power for so long? What do you think the keys to success have been?

LZ: I believe there are four essential lessons that can be learned from our experience and I think all great brands share these four key characteristics.

- First, the brand has to be and has to stay relevant.
- Second, the brand's pricing strategy has to be based on consumers' perceptions, not your own.
- Third, the brand has to be consistent over time even as it stays relevant.
- And fourth, the brand has to lend itself to a full repertoire of marketing activities or breadth of appeal.

When I look at these characteristics, starting with the notion of relevance, collectively these highlight the need to be timely and timeless, at the same time.

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Edge: How do you do that?

LZ: By asking yourself questions such as “Are we investing in product improvements to provide better value for our customers, while at the same time in touch with our customers product taste preferences and experience needs?”

Edge: Who does this well?

LZ: Target does this better than anybody. They trend spot and they trend plan. Other examples of brands that do a great job are the Gap and Starbucks. A critical part of these brands’ images is what they do in store. At McDonald’s, we are making an emotional attachment, a connection with our customers and adding that human element that’s so important. Let’s not forget, often times people ask are we a burger business serving people or are we a people business serving burgers? To me we’re neither; we’re a people business serving people. And that’s the human connection.

Edge: Of the four brand characteristics that you just described, which one do you think is the most challenging to achieve?

LZ: Relevance; touching our customers’ hearts as well as satisfying their appetites is one major strength that we have. Our brand really lives in our restaurants.

Edge: Can you give an example of another company that’s been successful in delivering the brand promise?

LZ: Visa: Universal acceptance. They don’t say that, they say “*Everywhere you want to be*” but they do it with a sense of humor, and they stay amazingly contemporary and relevant because they’re in with the times and in with the key events (i.e., Olympics, NFL, etc.).

Edge: What is the difference between brand management and brand leadership?

LZ: Brand leadership is about changing the rules in the marketplace and providing customers with unique and relevant values that strike a core

competitors can’t touch. That’s not the same as brand management. In fact, I don’t even believe in brand management . . . I believe in brand leadership, which leads to brand brilliance.

Edge: How do you achieve brand brilliance?

LZ: Companies that achieve brand brilliance do the following:

- Start with looking to customers for insights.
- Don’t ask what customers are missing in today’s market but rather seek insight into what customers are doing to make up for perceived gaps. Those insights provide opportunities for new products, new services and new growth platforms.
- Find ways to deliver the same emotional or social benefits through every point of contact with the customer . . . in store . . . online . . . in the community . . . everywhere.
- Settle for nothing less than brand-insistent customers: insistence on using your brand. This insistence comes only when customers have an unparalleled sense of trust in the brand . . . because you’ve humanized it . . . related it to their life-style and their families . . . and made that emotional bond with them. Brand insistence . . . a straight shot to brand brilliance!!!
- Understand that communication with customers is not put forth to open-mouthed, adoring receivers, just waiting for the message. In fact, communication is a two-part game: it’s not just what you say that matters, it’s what customers hear . . . and do. In advertising, we tend to measure recall, awareness, and likability. But it’s persuasion that matters. Not what we say, but what customers hear and what they actually do as a result.
- Stir in an element of entertainment to reward customers for choosing you, e.g., Happy Meals, Beanie Babies, promotional games, etc.
- Finally, have the courage to be legendary and the guts to connect emotionally with your customers. McDonald’s has built a powerful global brand doing it, and so can you.

Integrated Marketing Communities (IMCs)

by John Ruf

Over the past decade, 'World Class Marketing' has been touted as the success model for driving growth and competitive advantage. For most companies, the goal has been elusive.

However, NECG contends that you will know you can become a 'World Class Marketer' when you have built an INTEGRATED MARKETING COMMUNITY. WHAT IS AN IMC?

An IMC is simply defined as a community of marketing professionals that . . .

- COLLABORATE across business units or product groups
- LEARN through knowledge sharing
- PRACTICE common marketing processes
- INTEGRATE organizationally
- MEASURE performance based on common marketing metrics

Accomplishing this level of community requires networking and knowledge systems that enable collaboration and knowledge sharing between marketers. Thus, marketers are encouraged to learn marketing skills and solve marketing problems interactively.

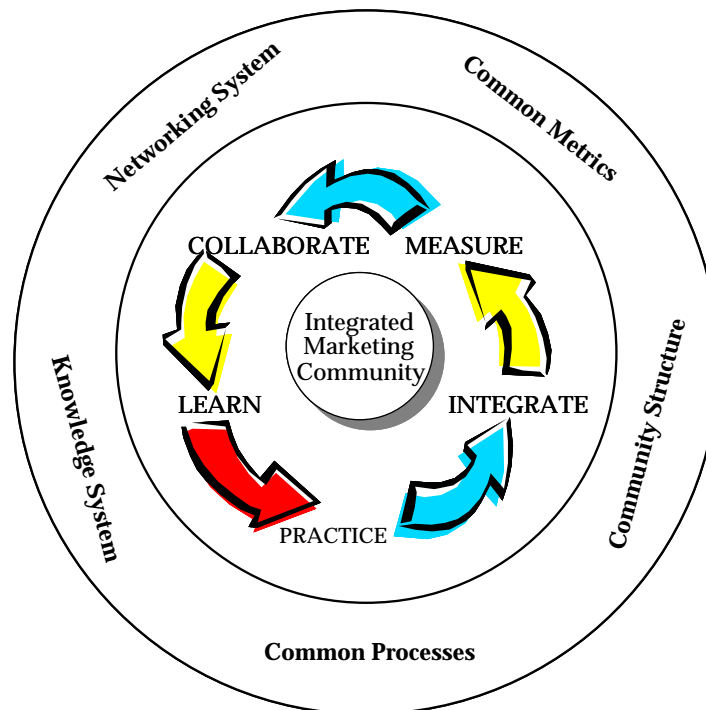
The objective of a networking system is to enable ongoing collaboration between marketers. Online community networking systems are proving to be the most effective, collaborative venues.

A marketing knowledge system is simply the knowledge base and the tools to access that knowledge as needed. Common processes also provide a basis for 'best practices' development, while common metrics help measure performance against marketing objectives. However, process priorities should be driven by those that support the critical skills in your markets. Finally, organization alignment provides an infrastructure to integrate marketing across the company, while supporting planning processes and career development.

However, an IMC will not survive without top management commitment. It really doesn't matter how

commitment is formalized as long as it is initiated, communicated to the organization, and consistently reinforced by management.

Obviously, these are difficult challenges, but you can begin to build a marketing culture by creating an Integrated Marketing Community (IMC).



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For marketers, the challenge is to make consumers feel that it's their peers (and not some unscrupulous corporate giant) convincing them that it's worth their while to try their product. For this reason alone, many articles and essays have been dedicated to the topic of 'buzz or viral marketing', ways to generate word of mouth so more people will 'consume' products as a result of recommendations by their peers.

- **"Keep it Simple, Stupid": The Brand Heuristic:** In line with information and sensory overload, simplification is a trend which has taken hold as people's lives become more complicated and intense. The implication is that consumers want to simplify their decisions and become more resistant to brand switching once they discover brands they can trust.

Two marketers who have successfully leveraged the trend towards simplification and one-stop shopping are Wal-Mart with their Supercenters and Charles Schwab with OneSource. The beauty is that while they offer simpler solutions to the consumer, they build their brands through compelling advertising and delivering against what they promise to deliver. The name Wal-Mart is 'heuristic' for 'everyday low prices for all items in one place'. It is no wonder that Wal-Mart Supercenters are #1 in U.S. grocery store sales, accounting for over 11% of total sales.

The 'One-Stop Shopping' concept, whether it's mutual funds or groceries, will be applied to almost all arenas in the near future.

- **"Guess Who's Coming to Dinner":** "Will the real Slim Shady please stand up . . ."? We all know that the American population is becoming more ethnically diverse. Interracial relationships will increasingly become the norm. More interestingly, the desire to mimic and adopt ethnic trends will continue to grow. White suburban kids want to dress and act like inner-city African and Hispanic Americans. The 'inner city' has long been the place for marketers to go if they want to find out what the American youth will find hip and trendy. To quote Eminem (a white rap artist), "There's a Slim Shady in all of us . . ."

.

Marketing is more about listening than telling. Consumers are speaking to us everyday from the clothes they wear, the music they listen to, and the relationships they form. It is our job to listen, anticipate, and invigorate.

Good marketers will continue to keep up on the latest consumer trends. Great marketers will not only anticipate them, but assist in their emerging definition with innovative products, services, and communication messages.

Retail IdeaBeat



Kevin Coupe predicts that homogenization is a much bigger danger to retailers than consolidation.

Same-Old, Sale-Old: The Danger Within

So many retailers focus on the competition, especially the giant companies conquering the planet. Ahold. Safeway. Carefour. Albertson's. And, of course, Wal-Mart (the ultimate Darth Vader to any retailer under seige). The underlying theme always is that independent and regional retailers can't sur-

vive because of consolidation. However, the problem is that too many smaller retailers are me-too operations. Therefore, any retailer that wants to succeed has to search for the products, services and people that can make its operation stand out.

Read the rest of the article at www.ideabeat.com



“The Anatomy of Buzz”

-- Emanuel Rosen

Amazon Ranking
★★★★

NECG Edge Ranking
★★★

Rosen’s book, *The Anatomy of Buzz*, comes as close as you can to explaining how ‘buzz’ happens and how you can create it.

He defines ‘buzz’ as ‘the sum of all comments about a certain product that are exchanged among people at any given time’.

He explains further that ‘buzz’ happens in the ‘invisible networks’ -- the interpersonal information networks that connect customers to each other.

He claims that ‘buzz’ on these invisible networks is more important today because of noise, skepticism, and connectivity.

He states that you can only create ‘buzz’ about conversational or contagious products that create high involvement such as . . .

- Exciting products, e.g., books, movies, CDs
- Innovative products, e.g., Web browsers
- Personal experience products, e.g., airlines, cars
- Complex products, e.g., software, medical devices
- Expensive products, e.g., computers
- Observable products, e.g., cell phones, clothes

One of the most interesting chapters for marketers is ‘WHY WE TALK’. He states that talking or sharing information is a programmed survival tool. We talk about something to project an image of ourselves, or to analyze it. We also talk to relieve tension and build a sense of community

How to Stimulate Buzz

Rosen’s ideas on stimulating ‘buzz’ are interesting, although somewhat traditional. He claims that the best viral tactics are when you make your product part of the communication process, e.g., hot mail, or you create person-to-person interaction on an online community, e.g., eBay.

‘Buzz’ Advertising

Rosen points out that some ads create ‘buzz’, but they are few and far between. ‘Wassup’ is brilliant, because it not only relates to how some people greet each other, but it shows you are hip or cool when you use the word for greeting. ■

The Consultant

Let us transform your marketing system to be more customer-centric.

The Client

I think he means we should talk to our customers.

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