

# Advertising Age

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## Package-goods giants lean on agencies for cuts

Unilever, Reckitt, P&G scrape for media savings, look to reduce rosters

By **JACK NEFF**  
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THE DEEPEST RECESSION in a generation is prompting package-goods marketers to pile more pressure on agencies, pushing them for ways to slash marketing-services costs.

Unilever, which spends some \$5 billion globally, and Reckitt Benckiser, a \$1 billion global spender, have called worldwide media-agency reviews in recent weeks, ratcheting up pressure on incumbent shops amid a contentious U.S. upfront. Both said cost savings weren't the impetus, but it's a safe bet that savings will be a

byproduct of the process.

Procter & Gamble, which spends some \$7 billion globally, is shaking the sofa cushions by beefing up its marketing-procurement function. It is also narrowing its roster of TV production companies. Additionally, the world's leading advertiser is expanding its Brand Agency Leader system, which is designed to cut costs and manage marketing-services shops, to more of its brands.

The BAL model, in which a lead agency gets a preset fee from which it pays other marketing-services shops like a general contractor, has been introduced fairly slowly in the past two years, reaching

See **PACKAGE GOODS** on Page 21

## BK swears off sex in ads to quell franchisee freakout

Chain banks on dollar double cheeseburger to lift sales; operators revolt

By **EMILY BRYSON YORK**  
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BURGER KING CORP. let franchisees have it their way—as long as they were willing to vote for corporate's way.

After losing a vote on whether to introduce a \$1 double cheeseburger for four months, the corporate office, in essence, told its franchisees this: If you voted yes the first time, you're done. If you voted no, you need to try again, and if you don't vote again, it'll essential-

ly count as a yes.

But the company threw its operators one very juicy bone: a promise of less potentially offensive advertising in the future.

Burger King is battling a sales slide that franchisees say started at the end of March and continued through June. Corporate's suggestion to offer a double cheeseburger for \$1—an item that didn't make it through testing in 2007 because it wasn't profitable—is a Hail Mary pass that would seem to confirm those reports. After all, even McDonald's (known to have more streamlined operations) pulled its double cheeseburger from the dol-

See **BURGER KING** on Page 24



TIM KLEIN

## IS THIS THE RIGHT GUY TO RUN GM'S MARKETING?

Far-from-retiring design guru will be CMO, but he'll need the right stuff to lead in new-media age

By **JEAN HALLIDAY**  
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HE'S GOT THE GUTS: He's a blunt-speaking attack-jet aviator who gets his jollies flying fighters at age 77. He's got the name: He's an acknowledged automotive-industry star and a design ace. And he's got the experience: He's worked in the auto industry for 46 years.

But the question being bandied about in advertising circles is whether that vast experience could work against Bob Lutz in an age in which selling cars is increasingly about amplifying peer-to-peer recommendations and data-driven direct marketing and less about the

See **LUTZ** on Page 24

## Shops give away the shop as recession buster

Agencies look to boost business with free work, big discounts on rates

By **RUPAL PAREKH**  
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THE GOVERNMENT ISN'T the only one handing out controversial bailouts amidst the recession—marketers can now turn to adland, too.

Last month, Toronto-based agency Elemental sent some 4,000 advertisers a direct mailer announcing that one lucky marketer could win an advertising

stimulus package that would include strategy, a communication plan and creative—all at zero cost.

"We tried to put ourselves in the shoes of the marketing manager and the pressures they are under to continue to hit their goals while also suffering a big hit to budgets," said Dustin Brown, director of new business at Elemental, which counts among its clients Dyson and the government of Ontario. "We've seen in the past that in hard times the advertising budget is one of the first things to get slashed. We may appear as though we are charging too much."

From coupons to bargain-basement rates for creative work—and, in some cases, no fees at all—small and midsize agencies have launched an array of recession-friendly tactics in recent months in the hope of luring cash-strapped clients from their more expensive big-agency partners. While agency executives report that the efforts are helping draw interest from marketers during the downturn, observers warn such low-cost strategies could prove costly to agencies' reputations in the long

See **RECESSION** on Page 22

crain



### How Sprint hopes to make comeback

CMO Morgan plans to focus, prioritize and act fast to find niches.

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### Yes, Goo is certainly sticky

Indie games such as "World of Goo" work with brands.

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**ABOUT DIGITAL**  
HOSTED BY AD AGE DIGITAL EDITOR  
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## PROGRAMMING GUIDE FOR THE WEEK OF JULY 13

Your map to highlights from Ad Age and Creativity

### IN THIS ISSUE

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### BLOOM: SEVEN WAYS TO STOP COMMODITIZATION

Readers were quick to respond to Jonah Bloom's last column about commoditization. Based on their thoughts and discussion with industry leaders, he offers tips to address this critical issue.

### KNISS: WE CAN'T ALL AFFORD TO WORK FOR FREE

Pumping gas may seem to be the furthest thing from advertising, but you can still turn your summer job or trip into a project that can build your portfolio.

[ADAGE.COM/GENNEXT](http://ADAGE.COM/GENNEXT)

### CHRIS CRAIN TAPPED AS GROUP PUBLISHER

Christopher Crain, 33, was appointed group publisher of several Crain publications including Pensions & Investments, Business Insurance, Workforce Magazine and the recently acquired



CHRIS CRAIN

Staffing Industry Analysts group. Mr. Crain will also continue to oversee Crain's Manchester Business, a publication he started in December 2007. The promotion was triggered by the recent retirement of Bill Bisson, who served Crain Communications for more than 30 years. Mr. Crain was previously associate publisher of Advertising Age. Since 2005, Chris Crain had been associate publisher at Crain's Detroit Business.

**FOR MORE SEE [ADAGE.COM/MEDIAWORKS](http://ADAGE.COM/MEDIAWORKS)**

## A YEAR IN THE WIENERMOBILE

The death of Oscar G. Mayer prompts Doug Melville to remember his first job out of college: a "Hotdogger" in the Oscar Mayer Wienermobile. Melville writes of getting tips from family members. "And boy did we need the insight and tips. I still remember in my first radio interview. The DJ host asked me, 'Does the Wienermobile get longer and harder when it goes through tunnels?'"

**SEE [ADAGE.COM/COLUMNS](http://ADAGE.COM/COLUMNS)**

### IN THIS ISSUE



## UNITED BLUES GETS GOOD GRADE

When Dave Carroll and his band had their guitars destroyed while on a United flight, they didn't just get mad, they got even—by writing "United Breaks Guitars" and posting the video to YouTube. The video went viral and, to top it off, earned a glowing review from Bob Garfield.

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### No print issue on July 20

The next print issue of Ad Age will be July 27. For the most current news and analysis, see [AdAge.com](http://AdAge.com)

### MOST READ STORIES ON ADAGE.COM

What our readers are checking out

1. **Tim Allen Counts Ad Campaign Among His Best Work**
2. **Rollerskating Babies, Painted Bodies Rack up Viral Views**
3. **Want to Boost Sales? Tell Consumers to Dress Like Cows**
4. **Facebook Launches Fan Box, Its First Official Widget**
5. **Inside the Collapse of CNN's 'The Sarah Palin Power Hour'**

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# Razorfish suitors may have to offer more than dollars

Microsoft wants a buyer that'll commit to ad schedules, software use

By **ABBEY KLAASSEN**  
and **RUPAL PAREKH**

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THERE ARE A LOT of players talking to Microsoft about Razorfish, among them Publicis, Dentsu, WPP, Omnicom, Interpublic and AKQA's private-equity investor, General Atlantic. But to best the field, the winning suitor will likely have to fork over more than money to the agency's owner, which is looking for "strategic assets," such as a commitment to buy its advertising offerings or use its technologies.

Attempting the sale of an adver-

tising company amid a horrible economic downturn isn't exactly intuitive, but for Microsoft, now could just be a good time. It would be beneficial to demonstrate some ad traction around its search and display assets, and wrangling any future spending commitments by the deep-pocketed holding companies would be considered a boon. According to several people close to talks that desire may have an effect on who the buyer is, giving the holding companies that also wield significant advertising buying power a leg up over private equity.

Several major buyers have been circling Razorfish since Microsoft acquired its parent company aQuantive almost two years ago for \$6 billion. It's among a small group of digital agencies of its size that have yet to be snapped

up by holding companies. Razorfish's 2008 worldwide revenue totaled \$409 million, up 11%. That figure makes it almost three times as large as independent AKQA.

While the recession has battered the global advertising sector, digital revenue was a 2008 bright spot among ad holding companies. According to Ad Age Data Center information, U.S. revenue at digital specialty agencies jumped 14.8% in 2008, and digital accounted for 16% of the Big Four agency firms' 2008 worldwide revenue, up from 12.3% in 2007.

The most likely buyer for Razorfish appears to be Publicis, which was the first holding company reported to be in talks, origi-

See **RAZORFISH** on Page 24

# Marketers claim they can wait until networks drop their upfront prices

Volkswagen, State Farm get their Goldilocks on, want it to be 'just right'

By **BRIAN STEINBERG**  
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MARKETERS LOVE TV—just not at these prices. And so hopes for a neat wrap to an already stalled upfront marketplace have begun to fizzle as advertisers dig in their heels a while longer.

"I would look at it as buying a house," said Ed Gold, advertising director, State Farm Insurance, in an interview last week. "Would you pay the price someone is asking for, or do you wait them out? With the marketplace and with

the recession and with the situation that we're in, this is not going to be an up market, so the opportunity to participate in the upfront still is valuable to us, but you know, it's only July 9," he added. "Why do I need to buy today when it's going to be there tomorrow?"

In a typical year, the TV upfront—when the broadcast networks sell nearly 80% of their inventory for the coming fall season, to be followed by cable outlets and syndicators—would largely be finished by now. But normalcy is out the window along with the economy, and advertisers say they'll wait, much like Goldilocks—

See **UPFRONT** on Page 22

# Social media allows giants to exploit niche markets

General Mills no longer needs huge budgets to talk to specific segments

By **EMILY BRYSON YORK**  
eyork@adage.com

THE PACKAGE-GOODS model has always been a no-brainer: Create a mass-appeal product; distribute it nationally; stoke demand with big-budget, shotgun-style advertising to spray the widest possible market; and hope sales hit the magical \$100 million first-year benchmark.

But in this age of personalized web pages, super-sophisticated direct marketing and social-media tools that allow like-minded consumers to share and promote products, that traditional model is evolving at major marketers like General Mills. The \$14.7 billion package-goods giant is now offering gluten-free baking products aimed at the 2% of the population with Celiac disease (which is characterized by an intolerance to gluten), and the additional 10% interested in avoiding gluten—a niche the industry would once have dismissed as too small to target profitably.

"The classic new-product-development model was all around finding costs to pay for TV advertising," said Ann Simonds,

General Mills' president-baking. But while TV is still the best way to generate mass trial and awareness, it's "not the only way anymore." Especially to reach consumers who require gluten-free foods, who are, of necessity, savvy social networkers.

But it's not just 88-year-old Betty Crocker adopting a more forward-thinking marketing recipe when it comes to package foods. Supermarket Guru Phil Lempert said the major industry players

aren't just looking to develop billion-dollar brands anymore. "Just like fragmentation of TV viewing, we're seeing the same thing on supermarket shelves," he said. "It's not just about coming up with a product and selling a \$1 billion or \$100 million.

They have to carve out these niches that very own-able and brand

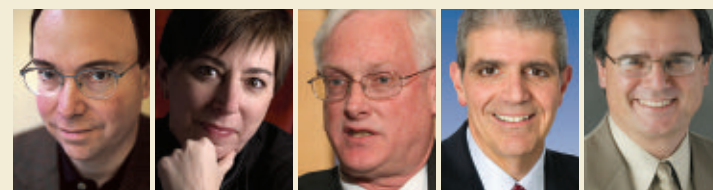
reliant." He added that package-food companies have grown increasingly responsive to consumer requests, removing high-fructose corn syrup, antibiotics and growth hormones whenever it makes financial sense.

Moreover, in many cases, package-goods players are developing their own niche products rather than relying on the old model of waiting to see if an upstart niche brand will be successful and then snatching it up, much like Coca-



**HOT TOPIC:** News of product spread fast.

## Groups make case as Feds eye legislating online targeting



**ROTHENBERG HILL**

**PEELER**

**GRECO**

**LIODICE**

The marketing industry is taking the prospect of an internet privacy bill seriously, and last week issued a play for self-regulation, "Self-Regulatory Principles for Online Behavioral Advertising." Here's a sample of what CEOs of the major ad associations had to say about it during a visit to Ad Age last week.

### What happens if your bid for self-regulation fails?

"Advertising is the whipping boy for a lot of the ills people perceive in the marketplace. Every time the government sticks its nose in our business, it gets complicated, it gets dirty, it gets messy. Our job is to provide an unencumbered environment, because advertising generates \$6 trillion of economic activity and supports 21 million jobs in the economy."

— **BOB LIODICE**,  
CEO, ASSOCIATION OF NATIONAL ADVERTISERS

### With state laws enacted and a bill headed for the House, is some form of regulation inevitable?

"I don't believe legislation is inevitable. I believe that, as always, Congress will attempt to develop legislation. There will be a bill. There will be hearings. I believe, if we do this right, legislation won't be needed. And I believe it's possible, if we do it on the timeline we're talking about, that legislation won't be enacted."

— **JOHN GRECO**, CEO, DIRECT MARKETING ASSOCIATION

### Why should the industry be allowed to regulate itself?

"Just the fact of being publicly identified as being in violation of industry standards is a powerful incentive for many, many companies to come into compliance. Your competitors really know what you're doing and are an excellent source of information about who self-

See **GROUPS** on Page 25

# Tracking makes life easier for consumers

Scrutiny is needed, but truth is web would be insufferable without it

By **MICHAEL LEARMONTH**  
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IT WOULD BE LIKE having the same conversation—over and over and over again.

That's how one digital ad executive describes a world where no one is allowed to collect information online, a scenario the industry is hurriedly—and worriedly—trying

to keep from happening.

A few key members of Congress are hopped up about the online-advertising business. And while a bill, if enacted, could be as benign as requiring disclosure on who is collecting what information, it could also be as severe as requiring websites, ad networks and ad servers to ask permission before sending an ad to a specific browser or IP address, effectively blowing apart the online-ad business as we know it.

The ad industry, hell bent on putting a stop to it, has issued a set of data-disclosure and opt-out

"principles" and is reminding legislators that behavioral targeting supports access to internet content, services and applications that consumers have come to expect as free.

But while the industry certainly deserves scrutiny, and life under the watchful eye of online-ad targeters sounds bad, life without them would be far worse. Let's consider for a moment that the worst fear of the online-ad business actually occurs and the use of web-tracking cookies grinds to a halt.

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See **GENERAL MILLS** on Page 25

# What's your brand's social score?

Razorfish, Ogilvy test model of business health based on Net Promoter

By **ABBEY KLAASSEN**  
aklaassen@adage.com

FOR MANY MARKETERS, the Net Promoter Score has been an easy-to-understand, simple-to-measure metric of business health, used in everything from customer service to investor calls.

Now, some wonder, can it be replicated in social media?

There are a few who think they can create a similar score for social media, building upon the Net

Promoter model, which asks one question: "How likely is it that you would recommend our company to a friend or colleague?" (To get the score, subtract the "highly likeliest," or promoters, from the "unlikeliest," or detractors.)

Razorfish and Ogilvy PR are trying out new social-media measurements that share traits with Net Promoter in that they're open, public, easy to replicate—and they aim to become a standard, if not of customer satisfaction than of customer conversation. There's even some talk that Twitter is enthusiastic about applying Net Promoter principles to its future business model, although the company didn't respond to

requests for comment on the topic.

"The Net Promoter Score is the result of delivering a positive customer experience," said Deborah Eastman, chief marketing officer of Satmetrix, which co-founded the Net Promoter score along with Bain & Co. and Frederick Reichheld. "We have never been in discussions with Twitter, but it would probably be an interesting discussion to see if there were ways to use their large user base to try to collect the Net Promoter Score of the various brands discussed on Twitter. But there's a complexity to doing that that we'd have to sort through."

Eric Ries, author of the Startup Lessons Learned blog and a Net

Promoter Score convert, said Twitter has an interesting opportunity to gauge people's feelings about a brand, because in many cases it can identify recent interaction, ideal for asking the Net Promoter question. But he also noted that social networks do something Net Promoter doesn't: They can help uncover whether people are actually recommending products or the "propagation of ideas."

"Net Promoter Score isn't a very good predictor of willingness to recommend a product," he said. "Rather, you're [asking the question] to know how they feel about a

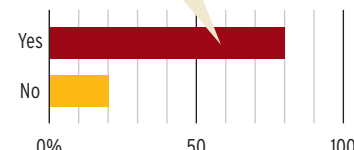
See **SOCIAL MEDIA** on Page 24

## WHAT YOU SAY

**THE QUESTION:**  
DO YOU THINK THE NEW YORK TIMES CO. WILL MAKE IT BEYOND 2012?

**80%**

said the Times will still be around in three years.



What with media experts repeatedly calling for its imminent demise, perhaps the New York Times Co. should turn to Ad Age readers next time it makes a "Why I Love the Times" commercial. Many pundits have said the company may not make it through 2011. An Ad Age look at the numbers suggested the company is stronger than that. And 80% of those who responded to our poll said the company will make it beyond 2012.

According to **Roger Adams**, The New York Times "has the best content in the U.S. They just need to find the most compelling way to distribute it. My bet is they will find a way to make that happen."

A couple of readers said life without the company was inconceivable. Said **Katherine Santone**: "Who could imagine a world without the New York Times?" **Bill Lawton** agreed: "Maybe it's just wishful thinking, but I think they have to survive beyond 2012. Every day I read, I become more and more convinced. I fear for the health of our republic if they do not."

**Stu Ballat** made the point that content creators have been trying to make: Those parasitic aggregators need something to leech off of. "At the very least, key information brands like NYT will and must survive. Without them, the information flow on which we all rely (particularly the bloggers and aggregators whose bottom line depends on the activity and deployed overhead of companies like NYT) will come to a screeching halt. Doesn't mean surviving will be easy, painless or without significant structural change, though."

**Kate Dunn**, however, pointed out the obvious. The company won't survive "unless they figure out a different way to make money."

—KEN WHEATON

**NEXT WEEK'S QUESTION:**  
DO YOU THINK BOB LUTZ IS THE RIGHT PERSON TO RUN GM'S MARKETING?

To answer, log on to [AdAge.com](http://AdAge.com).

## Tiny startup challenges iTunes with ad campaign

DoubleTwist makes its mark on mass transit in New York, San Francisco

By **RITA CHANG**  
rchang@adage.com

MICROSOFT'S NOT THE only marketer whose advertising has Apple in its crosshairs. A tiny upstart gunning for Apple's iTunes has started going after the brand.

DoubleTwist makes software for syncing music and videos between PCs and handsets, enabling users to create multimedia libraries on their handhelds the way iTunes does for iPhones and iPods. It's in the throes of a campaign to drive downloads for the beta version of its software, and some of the in-house-designed ads take aim at Apple.

In Manhattan, DoubleTwist ads are plastered on city buses, inviting consumers to try the "cure for iPhone envy. Your iTunes Library on any device. In seconds." In the Bay Area, ads posted inside subway trains tease: "Transform your phone. Your music and videos on any device in seconds."

"These people are sitting on the train and using their phones—it's a good fit," said DoubleTwist CEO and co-founder Monique Farantz, who looks after the company's mar-



**TAKE THAT, APPLE:**  
A Bay Area ad.

## SpongeBob by the numbers:

**\$8 BILLION**

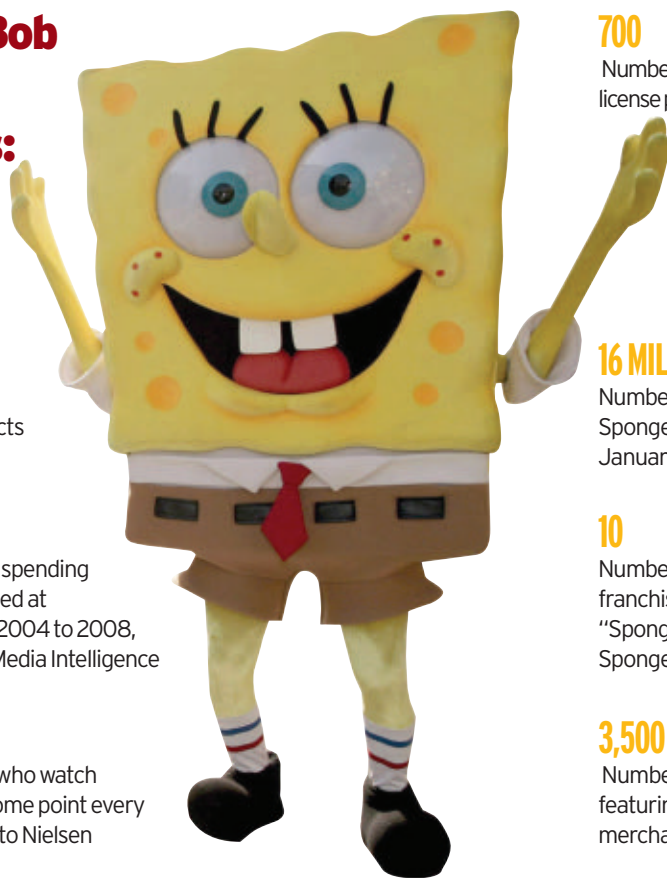
Total retail sales of SpongeBob products globally each year

**\$813 MILLION**

Total measured ad spending "SpongeBob" logged at Nickelodeon from 2004 to 2008, according to TNS Media Intelligence

**76 MILLION**

number of people who watch "SpongeBob" at some point every quarter, according to Nielsen



**700**

Number of SpongeBob license partners worldwide

**16 MILLION**

Number of people who've visited SpongeBob.com since it launched in January 2009, according to Omniture

**10**

Number of states where Burger King franchisees reported "Spongenappings," or stolen SpongeBob inflatables

**3,500**

Number of Walmart stores featuring storefront SpongeBob merchandise in a March promotion

## HOW SPONGEBOB BECAME AN \$8 BILLION FRANCHISE

Beloved TV character celebrates his 10th birthday, iconic status

By **ANDREW HAMPP**  
ahampp@adage.com

ON JULY 17, SpongeBob SquarePants will reach a milestone that few TV characters rarely get to celebrate: a 10th birthday. But beyond just TV longevity, SpongeBob SquarePants has grown into a nearly \$8 billion-dollar-a-year property at retail for Nickelodeon, with more than 700 license partners worldwide, making it the most widely distributed franchise in MTV Networks history, hands—or pants, as it were—down.

But like "The Flintstones" and "The Simpsons" before it, "SpongeBob" has found that the secret to its success lies in its cross-generational appeal. It entertains just as many kids as it does college students and adults with an appreciation for slapstick sponge humor and aquatic double entendres. That demographic transcendence has helped "SpongeBob" maintain its status as the most-watched show on cable, accounting for as much as 30 of the 100 top-rated shows in any given week in Nielsen's cable ratings, as well as the top-rated animated show among kids 2 to 11

for the past seven years.

"I'm not surprised at all that SpongeBob is an icon for our time. Just ask Johnny Depp," said Judy McGrath, chairman-CEO of MTV Networks, referencing the star of "SpongeBob vs. The Big One," a TV movie special that pulled in 5.8 million viewers in April. "Even our president mentioned him as one of his favorites. Bob is unflappable, uninhibited and unstoppably optimistic. The Sponge reaches across every audience we serve, so we're jumping at this opportunity to cel-

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See **DOUBLETWIST** on Page 22



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# WHAT YOUR FAVORITE SOCIAL NET SAYS ABOUT YOU

Anderson Analytics survey reveals consumers' likely interests, buying habits, media consumption

By **BETH SNYDER BULIK**  
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DO YOU TWITTER? Then you are more interested in sex than the average Facebook, MySpace or LinkedIn user. Like LinkedIn? You're more likely to watch soap operas. Favor MySpace? You're probably not into exercise.

Which social network you favor says a lot about you—and you might be surprised by just what it says. A new study by Anderson Analytics is helping identify for marketers your likely interests, buying habits, media consumption and more. The survey studied the demographics and psychographics of both social networkers and non-users and found that “there are definite data-driven segments in the social-networking-site market, both

for non-users and users,” said Tom Anderson, founder and managing partner.

Today 110 million Americans, or 60% of the online population, use social networks, and that number is fairly conservative, because instead of counting unique users or everyone who has an account, as many estimates do, the Anderson study counted only people who have used a social network at least once in the past month.

Users tend to spend a lot of time on social networks. The average social networker goes to social sites five days a week and checks in about four times a day for a total of an hour each day. A super-connected 9% stay logged in all day and are “constantly checking out what’s new.”

Social networkers’ feelings about brands online in general are

more positive than the researchers thought they would be. Some 52% of social networkers had friended or become a fan of at least one brand. When asked if seeing a brand on a social network makes them feel positive or negative about that brand, an almost-equal 17% said positive and 19% said negative. The other 64% were neutral or didn’t care. When asked if they would like more communications from brands, 45% were neutral, while 20% said yes and 35% said no.

Anderson conducted the study online in June with 5,000 demographically representative respondents, and then went in-depth with 1,250 of them. With the help of Mr. Anderson and his team, Ad Age dug into the reams of stats to create the mini profiles of three different social-networking groups below.

## FACEBOOKERS



**40%**

married

**80%**

white

**6%**

retired

There are 77 million Facebook users, according to the study, and Facebook users were almost completely average in their level of interest in most areas when compared with users of Twitter, MySpace and LinkedIn. Out of 45 categories, only national news, sports, exercise, travel, and home and garden skewed even slightly higher than average, and then by only one or two percentage points.

“Facebook is average because it has the most users. When stat testing, anything near the average is less likely to be significant,” Mr. Anderson said. “They are also capturing a wider range of users for various reasons, from high-school and college fun, leisure user to business and parents and grandparents.”

They are more likely to be married (40%), white (80%) and retired (6%) than users of the other social networks. They have the second-highest average income, at \$61,000, and an average of 121 connections.

Facebook users skew a bit older and are more likely to be late adopters of social media. They are extremely loyal: 75% say Facebook is their favorite site, and another 59% say they have increased their use of the site in the past six months.

## TWITTERERS



**31%**

buy coffee online

**16%**

work part-time

**43%**

could live without it

This is the super-user group. Twitterers are more interested than the others in many subjects but skew particularly high in all news categories, restaurants, sports, politics, personal finance and religion. They also especially like pop culture, with music, movies, TV and reading ranking higher than average. And their buying habits mirror that. They’re more likely to buy books, movies, shoes and cosmetics online than the other groups.

Twitterers are also entrepreneurial. They are more likely than others to use the service to promote their blogs or businesses. How do they keep going? Coffee, apparently. Some 31% buy coffee online, far above the average 21% of other social networkers.

They’re more likely to be employed part-time (16% vs. 11% average), have an average income of \$58,000, and average 28 followers and 32 other Twitterers they’re following. They’re not particularly attached to the site, though—43% said they could live without Twitter.

## MYSAPERS



**60%**

single

**23%**

students

They are the young, the fun and the fleeing. While MySpace users skew younger, they also said they’d used the site much less in the past six months.

The 67 million who are still there are into having a good time. They’re more likely to have joined MySpace for fun and more likely to be interested in entertaining friends, humor and comedy, and video games. They’re less into exercise than any other social group but seek out parenting information more than any other.

The content MySpace users put up is most often about specific hobbies, or pictures of family and friends. Their average income is the lowest, at \$44,000, and they have an average of 131 connections. They’re more likely to be black (9%) or Hispanic (7%) than users of the other social sites. They are also more likely to be single (60%) and students (23%).

## LINKEDIN USERS



**57%**

male

**12%**

seek info on gambling

It’s probably no surprise these guys are all about business. We say guys because LinkedIn has the only user group with more males than females (57% to 43%). They have the highest average income, at \$89,000, and are more likely to have joined the site for business or work, citing keeping in touch with business networks, job searching, business development and recruiting as top reasons for signing up.

Their interests reflect that. They like all kinds of news, employment information, sports and politics. They also more likely to be into the gym, spas, yoga, golf and tennis.

Excluding video-game systems, they own more electronic gadgets than the other social networkers, including digital cameras, high-definition TVs, DVRs and Blu-ray players.

Two surprising things they’re more interested in than the others: gambling and soap operas. Some 12% seek gambling information online (vs. an average of 7%), while 10% go online for soap-opera content (vs. an average of 5%).

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#1 Awards Show on TV among Black Viewers  
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#1 Awards Show on TV  
among Blacks 18-34 and Blacks 18-49  
8th Consecutive Year<sup>5</sup>

#1 TV Telecast among Blacks  
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8th Consecutive Year<sup>6</sup>

We thank our performers, music industry partners,  
presenters and sponsors.



Source: BET Corporate Market Research via The Nielsen Company. <sup>1</sup>Measurement: 06/28/09 (Live +SD); BET Awards 09 Premiere Rating, Households, & Viewers. <sup>2</sup>Measurement: 12/29/97-06/28/09 (Live Data); Households, Viewers 2+ & Adults 18-49 (000) Rankers for all BET Telecasts. <sup>3</sup>Measurement: 12/26/05-06/28/09 (Live +SD Data); Black Households (000) Broadcast & Cable TV Award Shows; "Awards Shows" are programs containing "Awards" in the Program Name. <sup>4</sup>Measurement: 12/27/04-06/28/09 (Live Data); Black Viewers 2+ (000) Broadcast & Cable TV Award Shows; "Awards Shows" are programs containing "Awards" in the Program Name. <sup>5</sup>Measurement: 12/31/01-06/28/09 (Live Data); Black Adults 18-34 & Black Adults 18-49 (000) Broadcast & Cable TV Award Shows; "Awards Shows" are programs containing "Awards" in the Program Name. <sup>6</sup>Measurement: 12/31/01-06/28/09 (Live Data); Black Viewers 2+ (000) Cable Telecast Ranker Report for BET Award Show premiere nights. Further qualifications available upon request.

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**MICHAEL JACKSON:** King of Pop made legendary spots for Pepsi.



**ED MCMAHON:** “Tonight Show” fixture pitched for many brands.



**KARL MALDEN:** Actor popularized “Don’t leave home without it” tag.



**OSCAR MAYER:** Iconic spots were part of CPG-ad golden age.



**FARRAH FAWCETT:** One-season “Angel” became power endorser.



**BILLY MAYS:** Famous for selling, instead of the other way around.

# Age of the celeb spokesperson comes to an end

Rash of high-wattage endorser deaths marks close of advertising era

By **JEREMY MULLMAN**  
jmullman@adage.com

THEY DON’T MAKE celebrity spokespeople like Michael Jackson, Farrah Fawcett and Ed McMahon anymore. In fact, they can’t.

That trio, along with other recently departed product hawkers such as Karl Malden and Oscar G. Mayer, were woven into pop culture in a simpler and largely uncluttered media landscape. During the days when it was possible to sell 30 million copies of “Thriller” and 12 million copies of a pinup, those celebrity endorsers parlayed their popularity into selling products to the sorts

of massive audiences that only events such as the Super Bowl and the Oscars generate today.

And the surprise passing of so many icons in less than a month serves almost as a marker to the death of that era itself.

Mr. Jackson, who died June 25, signed what was the largest endorsement contract in history in 1983, at the height of his “Thriller” popularity, to become the face of “The Pepsi Generation.” While his subsequent legal troubles and eccentricities ultimately made him toxic for marketers, his Pepsi endorsement paved the way for artists such as Sean Combs, Jay-Z and even Bob Dylan to hawk products without losing (much) credibility.

Mr. McMahon, who passed two days before Mr. Jackson, leveraged the enormous popularity and rat-

ings of NBC’s “Tonight Show” to make himself a prolific pitchman for brands such as Budweiser and American Family Publishers. His live ads on “The Tonight Show” are the stuff of marketing legend. Imagine the viral traffic drawn by the sight of Mr. McMahon singing the praises of Alpo while a reluctant dog walks off rather than eat the stuff, only to watch the pooch replaced, head in bowl, by host Johnny Carson. Later in his career, Mr. McMahon, beset by financial troubles, became something of a parody of his former self. His last advertising gig was a self-deprecating Super Bowl spot for Cash4Gold.

Mr. Malden, who died July 1, won an Oscar and an Emmy, but he’s likely best remembered by many for his two-decade “Don’t Leave Home Without It” campaign

for American Express—with the fedora, the dark suit and the nonsense delivery—a sort of long-running celebrity/brand marriage rarely duplicated today.

The golden age of packaged-goods advertising certainly owes a debt to the late Oscar G. Mayer, whose July 8 death inspired memories of the Wienermobile and the ubiquitous jingles (“My bologna has a first name . . .” and “I wish I were an Oscar Mayer wiener”) that helped create a billion-dollar package-food behemoth in the days before time-shifting.

Ms. Fawcett, likewise, enjoyed a level of fame and notoriety that would scarcely be possible today. She parlayed one season on “Charlie’s Angels” and a famous swimsuit poster into international mega-stardom that included countless hair and

cosmetics endorsements, including her own brand of Fabergé shampoos. “That, however, was back in the era of the Big Three [TV networks], not the Big 300 available to some households,” Campbell Mithun media buyer John Rash wrote on AdAge.com last week. “Today, it’s hard to imagine the small screen creating such a big sensation.”

Indeed, if there’s a model for small-screen shilling today, it’s Billy Mays, who died at age 50 early on June 28. Mr. Mays, unlike Ms. Fawcett, Mr. Jackson and others, didn’t use mass-media fame to sell products, but rather became famous by selling products to thousands of niche cable audiences over the course of a decade—so much so, in fact, that some DRTV marketers are continuing to air Mr. Mays’ ads even after his death.

## Billy Mays to live on as DRTV pitchman—for the near future, anyway

Plans in works to launch products with spots featuring star hawker

By **JACK NEFF**  
jneff@adage.com

REPORTS OF BILLY MAYS’ death—at least as a salesman—have been greatly exaggerated, as direct-response marketers launch at least three new products with ads produced before his death with the Mays family’s blessing.

While saddened by his passing and well aware that Mr. Mays leaves behind a huge void as America’s foremost pitchman, DRTV marketers, the ultimate data-driven survivors, cite numbers showing that his ads are producing response rates as good as—or in some cases better than—before his death. The feeling is Mr. Mays would have wanted it that way.

The Mays’ family lawyer Roger Pliakas said that “while the mourning and healing process will continue for the family, they have generously given permission for all the people, inventors, companies and corporations to continue using his likeness on TV and packaging.” Mr. Mays’ wife Deborah added that he “believed in every product he sold, and he loved nothing more than bringing helpful products to people at a great savings.”

Among the ads that he’s appear-

### Who will be the next Billy Mays?

For a guy from humble origins who spent more than a decade hawking gadgets at home shows and on the Atlantic City boardwalk, Billy Mays turned out to be incredibly indispensable. But here are some possibilities for who will replace him.

**BILLY MAYS:** Why replace him when his ads are still performing as well as ever? Some marketers who had Mr. Mays’ ads on air or in production are keeping them on air. Beyond that, there are at least two more people who can legitimately stand in front of a camera and say, “Billy Mays here for OxiClean.” They would be Mr. Mays’ father, Billy Mays Sr., and his son, Billy Mays III, both of whom also appeared in the Discovery Channel show “Pitchmen.” It’s not clear, however, that either is interested in or right for the job.

**ANTHONY SULLIVAN:** Mr. Mays’ longtime friend, DRTV producer and co-star on Discovery’s “Pitchmen” is one obvious choice. But even Mr. Sullivan conceded on a “Pitchmen” episode that he’s no Billy Mays. That came after he lost to Mr. Mays in a face-to-face pitch-off at a Philadelphia home show despite resorting to using skills to disrupt Mr. Mays’ pitching.

ing in are one for Mighty Putty and Mighty Mend It, as well as two new products that were among the last Mr. Mays made commercials for—one for a Mighty Putty kit for wood and steel and Mighty Tape.

Church & Dwight Co. has decided not to air two others starring Mr. Mays for its Orange Glo product, said Bill McAlister, president of Media Enterprises, a sales and marketing firm that works with Plymouth Direct, marketers of the Mighty products.

Continued airing of the ads may seem in bad taste to some, including numerous commenters on Twitter. One ad that continued running last

week is particularly jarring, as it starts with: “Hi, Billy Mays back again for the Awesome Auger.”

But if consumers are offended, they’re not showing it. A.J. Khubani, CEO of Telebrands, who appeared alongside Mr. Mays on the Discovery Channel’s series “Pitchmen,” has continued running ads with Mr. Mays after his death and noted on Tuesday that response rates for them are exactly the same as before his death. Telebrands is launching a new product featuring ads from Mr. Mays: Jupiter Jack.

Mr. Khubani noted that Mr. Mays’ family has established a charitable foundation to receive

**VINCE OFFER (AKA SHLOMI):** Mr. Offer’s breakthrough success with the ShamWow last year invited comparisons to Mr. Mays. But the man who uttered the memorable selling line “You’re gonna love my nuts” in his subsequent Slap Chop ad has a somewhat checkered past. He was run out of the Church of Scientology after producing a particularly offensive movie featuring, among others, Joey Buttafuoco. And he was arrested for felony battery earlier this year for allegedly striking a prostitute in Miami Beach after she allegedly bit his tongue. Prosecutors later declined to press charges against either party, so his record remains clean, but the incident was widely publicized.

**PITCHMAN TO BE NAMED LATER:** The next Billy Mays may right now be pitching kitchen gadgets at Costco or knife sets at a county fair or home show near you. All of the above came from that background, which translated rather readily to the small screen. But Bill McAlister, CEO of Media Enterprises, Philadelphia, a marketing firm that produced ads with Mr. Mays, said the home show and fair circuit has declined so considerably in recent years that it’s unlikely to produce similar talent. Someone pitching products on shopping networks or elsewhere may turn out to be a better candidate, he said.

—JACK NEFF

some of the proceeds from his work and will continue to benefit from the royalty agreements.

Mr. McAlister said response rates for Mr. Mays’ ads are in some cases even better than before his death, and that retail sales of Mighty products at chains such as Walmart and Target have soared 30% since then, apparently spurred by the publicity.

Anthony Sullivan, principal of Sullivan Productions, which was one of the primary producers of Mr. Mays’ work and his co-star on “Pitchmen,” declined to comment on plans for his ads.

For every product Mr. Khubani

ever tested with ads featuring Mr. Mays alongside ads without him, sales with Mr. Mays were always considerably better. “People responded to him,” he said.

“The impact on direct TV, I think, is huge,” Mr. McAlister said. Mr. Mays “probably controls 60% to 70% of all the volume in direct TV when it comes to gadgets and gizmos. . . . I don’t think anyone will ever replace Billy.”

That said, at least 800 people are trying to, Mr. McAlister said, noting that he’s received that many demo tapes in the past week. “Some of them are pretty humorous,” he said, but others are promising.



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\*SOURCE: DECEMBER 2008 ABC PUBLISHER STATEMENT

# GAME ADVERTISING GOES MAINSTREAM

Changing demographics lead unlikely marketers to use the space to engage consumers

BY RITA CHANG rchang@adage.com

GAMES HAVE LONG been fertile marketing ground for movie studios, soda companies and fast feeders—youth-targeted brands counting on a cache of cool. So what are Alka-Seltzer and Knorr doing in the space?

They're part of a group of marketers beyond the usual suspects that are waking up to the fact that gamers include women, tweens, construction workers, doctors and soccer moms.

About 60% of online Americans play video or computer games, according to Frank N. Magid Associates data. There are gamers in two-thirds of U.S. households—and 40% of those players are women, according to the Entertainment Software Association.

But it's not just changing demographics fueling marketers' interest. Gaming allows them to give consumers something entertaining—something they find valuable and actually want to engage in. That's easier said than done.

"The consensus is that gaming has arrived in the mainstream, but the biggest hurdle is finding effective ways to leverage it," said Matt Story, who oversees the West Coast operation of Play, the gaming division of Publicis Groupe's Denuo. A few categories low on the involvement scale, such as mouthwash and bleach, have managed to use gaming in a way that feels authentic.

For Unilever's Suave shampoo, which had a limited budget for in-game marketing, the key was to select a popular title that resonated with brand's user base, said Barret Roberts, lead communications manager at Unilever. The objective of the campaign, which started last year, was to communicate to beauty-conscious, busy moms the brand's value message at a time when consumers were looking to trim their spending.

Suave worked with the online game "The Price Is Right," sponsoring free play and running promotional ads while the game loaded. In-game integration involved the announcer feeding players information about each featured product to help them accurately guess the item's price.

"The strategy of seeding Suave's communication of 'achieving salon-quality beauty for less' into a game when [players] organically had to bid on the price of the products was a no-brainer," Mr. Roberts said. "The brand-messaging part is TiVo-proof, as the user cannot skip over the brand message or visual, as it is integral for the player to bid on the product."

Other Unilever brands featured in the game included food products Knorr and Ragu. Millions of exposures were delivered for each of those brands, with "impressive" engagement measures on the branded units throughout the game, Mr. Roberts said. Non-Unilever brands featured in the game were Alka-Seltzer, Scott towels and Citracal.

For auto insurer Progressive, the

## GAMERS NOT WHO YOU THINK

Almost two-thirds (60%) of online 12- to 64-year-olds play some sort of electronic game, whether it be on a console, PC or mobile and almost half (49%) of the online population plays one or more electronic games every week.

Gaming isn't just for kids, and it's not limited to boys and men. For instance, half of women 45 to 54 say they play some sort of electronic game at least once a week. Among men in that age group, 35% play games weekly. Of course, teen boys are huge gamers: 74% play once a week or more.

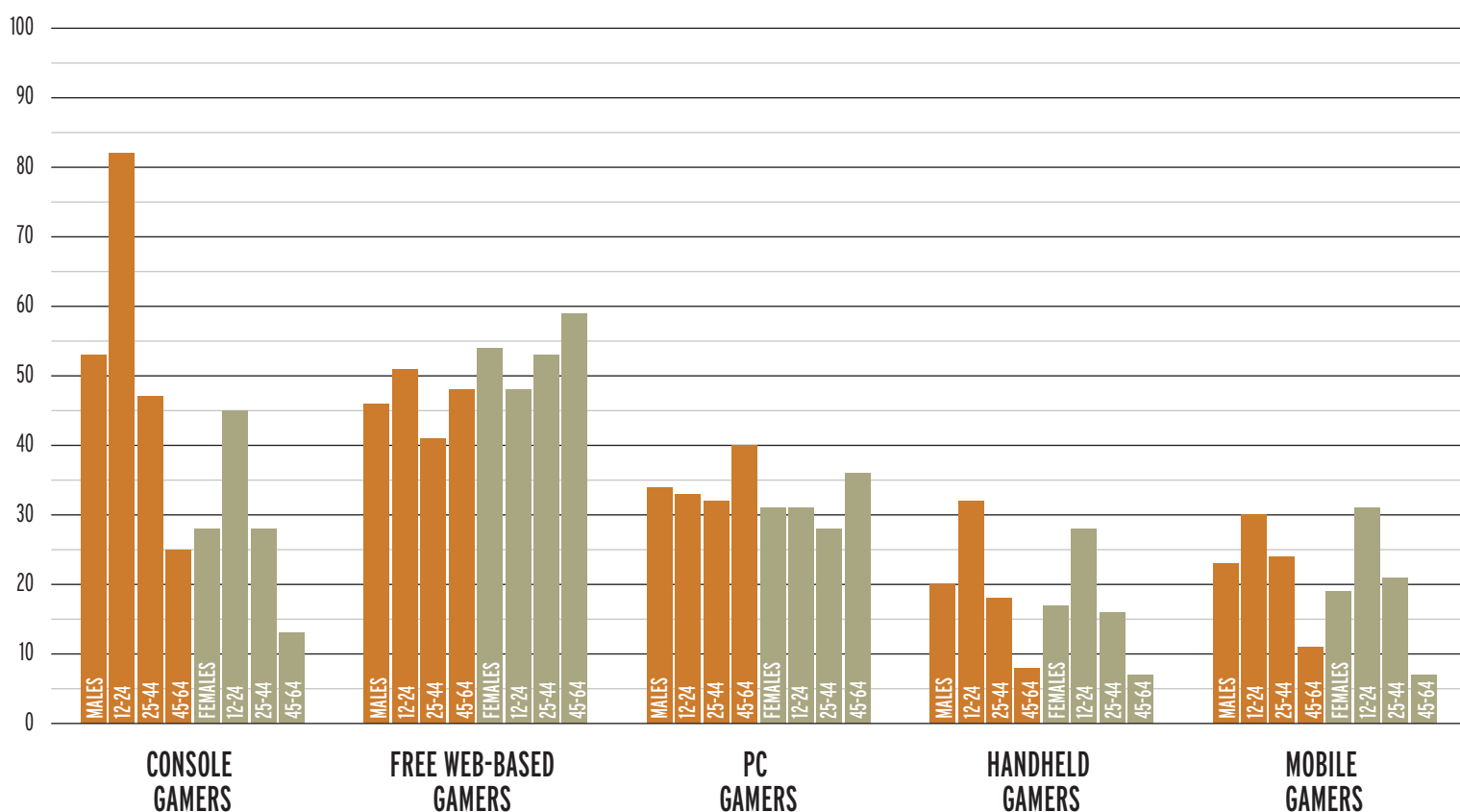


The reason for this demographic breadth and depth in gaming is the plethora of gaming platforms, from simple, free web-based games to complex console games for the hard-core—not to mention iPhone games and other mobile games.

As you can see below, the type of gaming platform affects the demographics of the player considerably. While console games skew heavily toward teens and young men, web-based games skew female. The other key platforms are pretty evenly divided between men and women.

—MIKE VORHAUS

## % WHO PLAY THESE GAMES WEEKLY



Source: Frank N. Magid Associates

## EXECUTION IS KEY

The gaming environment is a highly focused one, but some tactics command more attention than others, according to a recent study commissioned by MTV Networks, owner of gaming properties such as AddictingGames and GameTrailers.com.

**GET IN FRONT OF THE ACTION.** Online video placed before action games commands attention 85% of the time.

**GO SHORT.** A 15-second pre-roll typically commands more attention through the duration of the ad than a 30-second one.

**GET INSIDE.** Brand integrations are best-suited to games that demand more attention. In games where brands commanded at least 15 seconds of attention, aided recall approached 80%.

**LEVERAGE ANTICIPATION.** Anticipation represents opportunity—the load screen and menu pages are areas ripe for messaging, as gamers have the highest level of cognitive processing as they await game play.

**UNDERSTAND YOUR TARGET AUDIENCE.** Know the types of games and platforms your target engages with.

objective of its gaming campaigns was to drive brand awareness in a category people shop in twice a year at most, making "media efficiency ... huge for us," said Chris Scott, the company's emerging-media manager. Progressive has done in-game integration with a number of titles, most recently Electronic Arts' "Need for Speed: Undercover," a story-driven, fee-based racing game. Progressive billed itself as the stadium's owner, with its logo and name plastered on in-game billboards. It also sponsored post-game racing stats.

## GAMING STILL GROWING UP

"In-game is efficient," Mr. Scott said. He added, however, "The challenge for us is to tie the top-of-mind to back-end conversion funnel."

Some marketers are underwriting free access to games or adding realism to the games by lending assets. For instance, Visa, the world's largest credit network, sought to place itself in the story line of a "CSI" game that challenged players to solve a murder mystery in which credit-card fraud was a piece of the puzzle.

"Brands need to look at gaming not as any particular kind of in-game oppor-

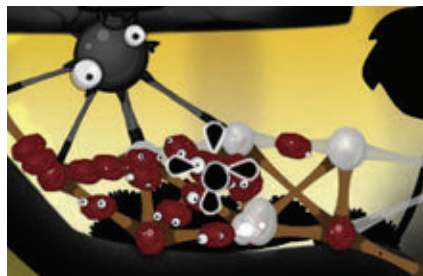
tunity but as a way to relate to consumers, either by providing value or relevance," said Dario Raciti, director of OMD's Ignition Factory Gaming.

Meanwhile, vendors are doing their part to make gaming friendlier to more advertisers. Games are expanding to include themes such as fitness and cooking, and new technology, such as Microsoft Xbox's yet-to-be-released Project Natal, should further boost gaming's appeal. Natal, like Nintendo's Wii, uses body motion to control play.

Microsoft's online gaming service, Xbox Live, recently launched a beta version of its ad-supported, multiplayer "1 vs. 100," which has been compared to the game show "Who Wants to Be a Millionaire?" It may be the first online game to roll commercials during breaks.

"Gaming advertising is still in its 'growing-up' phase," said David Rubin, a brand-development manager at Unilever. "The key is getting our brand messages across while adding value for the consumer. Brands that figure this out first will have an advantage in terms of effectiveness, and also will likely get the best opportunities."



**GOO STRIKES GOLD:**

"World of Goo," a puzzle game created and self-financed by a duo from San Francisco, broke into Amazon's top 10 best-selling PC Games and was later licensed by Nintendo.

# INDIE GAMES ARE ON THE RISE— AND IN NEED OF ADVERTISERS

Small titles lure brands with lower prices, avid audiences

■ **BY RITA CHANG** rchang@adage.com

BEYOND THE WORLD of mega franchises such as "Halo" lies a movement well on its way to becoming another important subculture for marketers: indie gaming.

As in the music and movie industries, many of the high-profile, high-cost games are developed out of giant studios, which often are part of major entertainment conglomerates. But increasingly, smaller titles created in coffee shops and on shoestrings are capturing consumer—and marketer—attention.

Take "World of Goo," for example. Created and self-financed by San Francisco-based duo Ron Carmel and Kyle Gabler, a couple of former Electronic Arts employees, the physics-based puzzle game broke into Amazon's top 10 best-selling PC games late last year.

The rise of the indie-game movement owes its roots to both consumers' increased interest in casual games and, more importantly, the advent of accessible programming tools that take the elbow grease out of developing fantasy worlds and shoot-'em-ups. In parallel, a new crop of online and mobile distribution channels, such as the iPhone App Store, are paving a direct route from the developer to the consumer—and monetization.

## OPPORTUNITY FOR ADVERTISERS

"For the consumer, it's an exciting time to be a gamer, because you've got this diversity of high-quality content," said Jamie Berger, senior VP of consumer products and technology at IGN, which operates indie gaming site FilePlanet. "For the advertiser, it's creating an opportunity to associate yourself with creative, cool content that's pushing all kinds of boundaries."

But as in the indie music scene, there's a certain sensibility to indie games that runs counter to the idea of jamming a can of branded soda into a game. "The important thing about working with independent developers is to respect their vision," Mr. Berger said.

Indie games carry a significantly lower advertiser price tag than commercial releases by the big studios, according to gaming advertising executives—and indie developers are more likely to be amenable to working with brands. In a weird way, piracy is actually making marketers more important to developers, as they look to outsmart the pirates by making their games free and reliant on

## FINDING THE NEXT INDIE HIT

Nintendo licensed the indie puzzle game "World of Goo" months after the title captured the imagination of gamers across the world. Who knew that building bridges and cannonballs from balls of goo would be such a big hit? With thousands of indie games on the market, here are a few ways to make sure you're betting on a winner.

- Look for audience response to the pre-release gaming videos on review sites. Buzz for "World of Goo" was building on GameTrailers.com months before its release.
- Check out player feedback on the official communities for a particular indie game.
- Play free pre-release demos yourself to gauge a game's quality.
- Hire a consultant with a track record of evaluating video games and the industry.

ads for revenue.

"For indie games, advertising is turning into the lifeblood of the industry," said Shane Satterfield, editor in chief and VP of content for GameTrailers.com. "An indie developer losing 10,000 copies to pirates could mean the difference between turning a profit or owing creditors large sums of money." In contrast, large publishers can generally absorb the piracy hit and still come out ahead.

Starla West, associate planning director at Mindshare, said what brands give up in reach on indie sites they make up in audience enthusiasm for gaming.

Sprint ran a campaign in December on indie site Kongregate that yielded click-through rates six times higher than the average for the same creative on other sites, something Kongregate attributed to the early-adopter, tech-savvy profile of its users. "The more niche you go, the more passion there is, and it's all about tying your brand to a passion," said Ms. West, who worked on the campaign.

Ironically, indie sites such as Kongregate are en route to building a mass audience. In May, Kongregate logged 6 million unique users, according to ComScore, with traffic doubling every eight months.

"It's a lot like indie movies going mainstream," said Lee Uniacke, Kongregate's chief revenue officer. "They're innovative in their game play, so they're getting a large audience."

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**"For the consumer, it's an exciting time to be a gamer, because you've got this diversity of high-quality content. For the advertiser, it's creating an opportunity to associate yourself with creative, cool content that's pushing all kinds of boundaries."**

# VIRTUAL GOODS GIVE BRANDS A NEW WAY TO PLAY IN GAMING

Games offer complimentary use and free products in exchange for watching advertisements

BY RITA CHANG rchang@adage.com

BUYING ITEMS THAT aren't real: It's already a \$500 million business in the U.S., according to market-research firm Interpret, although it has yet to reach the level of influence here that it has in Korea, where virtual-goods sales outpace online ad revenue, or China, where virtual currency is such a big deal the government is cracking down on it.

But it might, soon. That's because the "freemium"—play model popular in countries such as China and Korea, where publishers make their games or virtual worlds free to play but charge for premium content, is giving U.S. advertisers a new way to play in the gaming space.

Youth-targeted virtual worlds such as Gaia and Club Penguin have led the "freemium" trend in the U.S.—they're free to play but users have to spend real money to get points that can be used to amass in-world virtual goods. (Check out the prepaid gift cards next time you're at Target, Walmart or Rite-Aid.)

But games are not far behind. In some freemium games, advertising is becoming the in-game virtual currency, as players can obtain free virtual goods such as swords and armor in exchange for viewing marketer messages. By early August, gaming portal Outspark will give gamers a choice of paying for virtual goods or getting them free by watch-

ing advertising video. Up to 99% of the players will opt to watch the advertising, since people will almost always choose "free," according to said Dave Madden, exec VP of WildTangent, which will implement Outspark's ad sponsorships.

It's a sign more games are eschewing upfront payment and relying on advertising and incremental payments for premium content and virtual goods to underwrite their investment.

"The new paradigm is value exchange, and the upside is figuring out how advertising can become a form of payment to unlock game play and virtual goods," Mr. Madden said. "We're just getting to the forefront of this emerging model."

How popular are these games? Consider Sony Online's Free Realms, the entertainment giant's first-ever free, massively multiplayer game that's some four years in the making. It has drawn more than 3 million players since its end-of-April debut.

## GOING BEYOND

Sony has yet to announce an advertising program for the family-friendly adventure game, but has signed on with WildTangent to represent Free Realms to advertisers.

Some marketers are going beyond unlocking virtual goods through sponsorships and are selling branded virtual



OUTSPARK

goods, associating them with attributes that play well in the fantastical context of gaming while remaining faithful to the product.

Earlier this month, Outspark began offering a line of Rocawear ski apparel that take on special in-game attributes in a snowboarding game. The virtual ski-wear costs twice as much as the unbranded line, but if a player puts on Rocawear ski pants, he not only looks sharp on the slopes, he's also imbued with the magical powers of performing more snowboarding tricks, which earn him extra points. In the four days since Outspark launched the Rocawear products, four of them cracked the game's 10 best-sellers, out of some 60 virtual items for sale in the game.

## VIRTUAL MEETS REAL:

Rocawear offers virtual ski apparel with special in-game attributes.

<http://projectpowder.outspark.com/rocawear>

Under this model, not only is the advertiser ringing up incremental revenue through the virtual-goods sale, it is also potentially creating positive brand perceptions, however far-flung, that could translate to greater affinity in the offline world.

"If the equity associated with the brand that are created in the virtual world can translate to the real world—i.e., when I buy these shoes, I can jump higher or run faster—think of what that could do to shoe sales in the real world," said Dan Jansen, CEO of Virtual Greats, a business that helps brands create virtual extensions.

As Virtual Greats sets about convincing other developers to allow branded items to take on special in-game functions, Mr. Jansen said one challenge has been getting these gaming upstarts to better understand brands and be successful online retailers.

"A lot of these communities are young businesses and they're evolving their revenue model," Mr. Jansen said. "I need them to be world-class retailers. Bringing best practices from the real world into online communities is something we're working with them to be better at. It's merchandising, it's organizing the shelves, it's learning how to drive consumers to higher-price items, it's pricing experiments. All of this is a chal-

# VIDEO GAME TIE-INS WITH FAST FEEDERS LEAVE BOTH SIDES WINNERS

Chains such as KFC, BK and 7-Eleven gain customers and build brands, while studios get more places to sell their wares

BY EMILY BRYSON YORK eyork@adage.com

VIDEO GAMES ARE becoming a mass-market pastime—and they're increasingly tapping mass marketers for tie-ins and distribution.

KFC scored a much-needed traffic driver with a "Guitar Hero" partnership; Burger King built its own tie-in with an Xbox game starring its King; and McDonald's has launched a Nintendo partnership in Japan, for the company's DS device. Next month, to lay groundwork for what it hopes will be an additive business, 7-Eleven will begin distributing a free video-game guide, with reviews, release dates and reminders to reserve copies of games for midnight pickup.

For video-game studios, these deals mean more places to peddle their wares. For fast-food and convenience chains, tie-ins with major games are opportunities to burnish their images.

"We get to talk to customers, give them something free, encourage game sales, and tie relevancy between 7-Eleven and gaming," said Daniel May, marketing manager for non-foods at 7-Eleven. The convenience chain has promoted major game releases in-store monthly for the past year, and has seen a sales

increase every time, he said. Now, the chain has a 3-foot video-game section in about 15% of its stores, a percentage it expects to grow in the coming months.

"With video games going more mainstream, it's more logical," said Michael Jester, category manager of video games, electronics and digital entertainment at 7-Eleven. He compared video games at convenience stores to DVDs at grocery stores, which seemed an illogical pairing 10 years ago. He said the new promotions act as both traffic and sales drivers. And they have enormous implications for average sale. Most major games cost about \$60, and 7-Eleven's average sale is less than \$10.

## CONNECTING WITH SPECIFIC GROUPS

Absent an in-store retail component, most fast-food chains experimenting with video games are using the tie-ins to build traffic and connections with specific consumer groups. McDonald's, which has begun growing its Asian presence in the past decade, realized it had a good relationship with both adults and kids in Japan but lacked a connection with the tween audience. The chain tested a partnership with Nintendo's DS device—



## 7-ELEVEN'S ADVANTAGE:

The chain realized it had a leg up on the competition due to its late-night hours, thus attracting gamers looking to buy at midnight release times.

which enjoys about 90% penetration with Japanese tweens—for about a year, and rolled out the promotion nationwide last month. Youngsters who walk into a restaurant with a DS will get offers for free character downloads, trials and even new-product news.

It's a promotion McDonald's Chief Marketing Officer Mary Dillon said may have legs in other markets. "It's an exciting way to leverage what's hot in Japan with a trip to McDonald's," she said during an interview last month.

Ralph Heim, director-media at KFC described last year's "Guitar Hero" promotion, which involved a meal deal

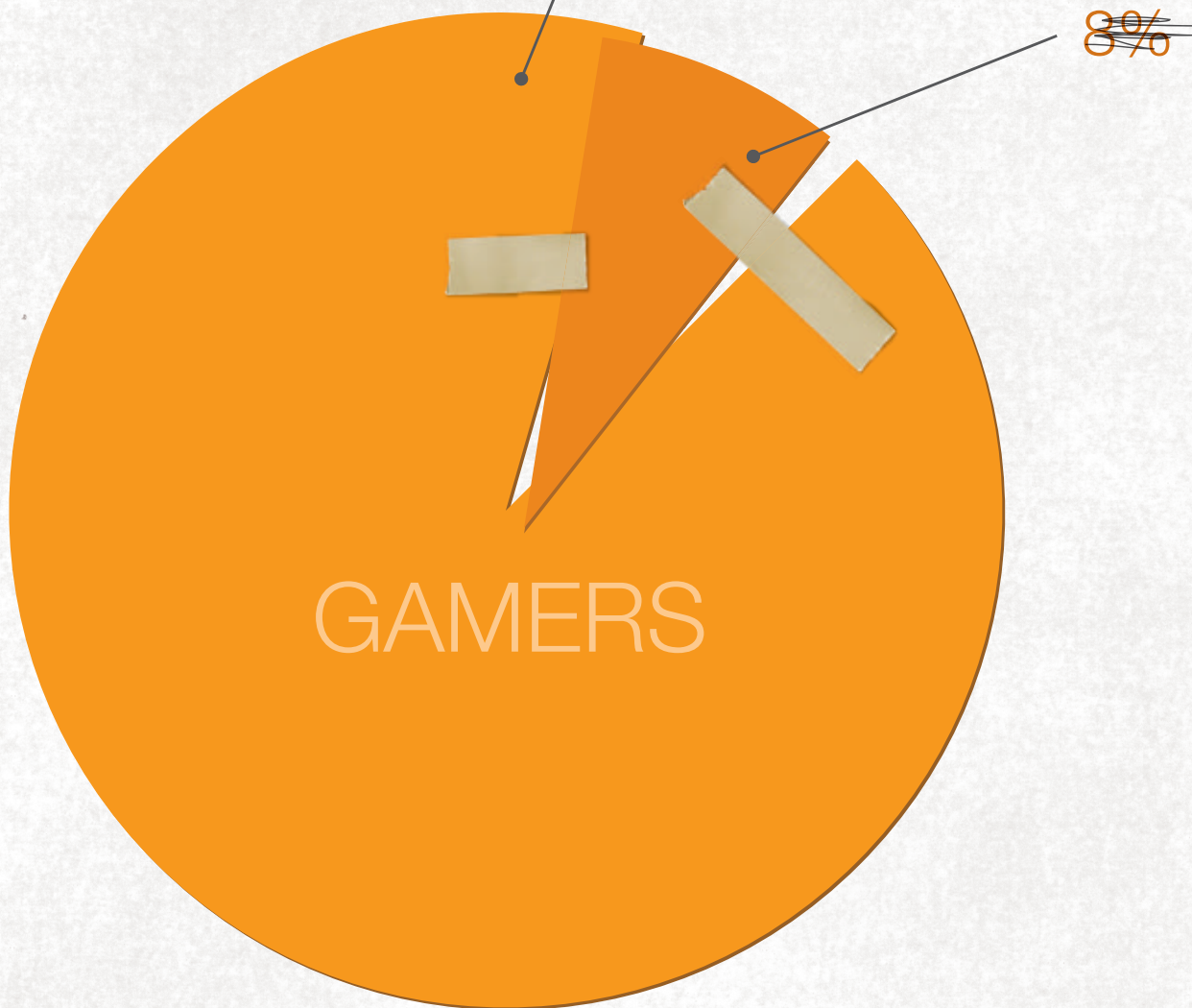
and game-score competition "a big success." He wrote in an e-mail: "KFC is a brand that brings friends and family together, and 'Guitar Hero' is a game that does the same. So it was a perfect partnership."

Assembling its video-game partnership, 7-Eleven realized it had a leg up on its competition in traditional retail: regular late-night hours and convenient locations. Avid gamers look to buy big games at their midnight release times. While retailers such as Best Buy and Game Stop sometimes open in the wee hours for major releases, 7-Eleven may be closer to home, and with a ready supply of Red Bull and Cheetos.

The free quarterly game guide, exclusive to 7-Eleven, is published by GamePro magazine, a well-established publication, and penned by its staff. It's expected to give 7-Eleven clout with gamers while the chain gives GamePro access to about 6 million eyeballs a day. Such partnerships are also good for the video-game industry, said GamePro General Manager Marci Yamaguchi, because they simultaneously appeal to current gamers and educate incremental users.



WE'RE PLUGGED INTO  
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<sup>1</sup> Source: OTX on behalf of G4's Hunting with Lightsabers segmentation study, fielded among 1,200 Men 18-34, Spring 2008

<sup>2</sup> iTunes Store, Top Video Podcasts, 6/29/09

<sup>3</sup> Unique Visitors per Google Analytics, June 09 vs June 08

Contact Chris Ledwith at  
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Reader comments from AdAge.com

- “Funny that you’re bashing agencies about not using Twitter correctly when you aren’t doing a great job yourself.”
- “The ads are one thing that is wrong with BK, but nothing is as offensive as their stores—talk about old and creepy.”

VIEWPOINT

Edited by Ken Wheaton, kwheaton@adage.com

Do you have something to say?

Send letters to the editor and corrections to Viewpoint@AdAge.com or to Advertising Age, Viewpoint, 711 Third Ave., New York, N.Y. 10017. Please limit letters to 250 words. Ad Age reserves the right to edit letters. COMMENT DIRECTLY AT ADAGE.COM

EDITORIAL

Onus on marketers when it comes to privacy issues

Whether privacy groups want to admit it or not, consumers don’t seem to care much about online-privacy issues. But whether marketers like it or not, a Democratic Congress is casting its eye on the issue all the same.

There was a time when we felt a little sorry for those groups fighting for consumer privacy. In order to get Congress to act to protect consumers’ privacy, they needed to get more consumers to care. But short of the sort of large-scale data disaster that groups routinely try to prevent, consumers couldn’t quite be bothered.

Web tracking and targeting—and the privacy concerns they raise—are complex issues. But complexity isn’t the main cause for consumer apathy. The fact of the matter is consumers have been choosing convenience over strict privacy controls.

The same tools that horrify privacy advocates make life easier for consumers. Who wants to type in a URL every time he surfs the web? Who wants to see the same pop-up ad every time she returns to her favorite site? And, knowing full well there will be advertising anyway, who wouldn’t rather see ads that might possibly have something to do with things that interest him?

READERS RESPOND

Marketing helped make this mess

RE: Rance Crain’s “Marketing Must Take Its Share of Blame for the Economic Crisis” (AA, June 29). I would even go further and say overzealous marketing—“expansion for expansion’s sake”—should take the lion’s share of the responsibility for where we are, economically, politically, etc. Throw in short-term, quarter-by-quarter reporting of profits, and it is easy to see how we get in “crisis” mode from time to time. In short, the ever-increasing outrageous, unsupported claims made by marketing professionals has made it so our reality can never keep up with our expectations. I think people are always disappointed when they get the actual product they have been driven to covet through advertising.

In the dot-com era, everyone wanted all these fantastic ROI numbers, so much so they threw all sensibilities out the door. Brick-and-mortar companies that had long and great profit histories at 7% to 8% were suddenly dinosaurs and being asked to come up with ways to attain profit percentages on par with what the dot-coms were saying they were producing. It all looked good over a couple quarters, but then reality hit. Same thing with the housing market. Can

everyone buy houses with no money down, then use whatever “on paper” equity to splurge on more consumer stuff? Same thing with the National Basketball Association; can you keep handing out multiyear guaranteed \$100 million contracts to people who have never played one minute of professional basketball? Same thing with this current economic “crisis.”

By continuing to buy our Treasury bonds, China and other Asian nations are financing much of what’s going on in this country. In my opinion, much of the “stimulus” measures are going to reassure China that its investment is doing well and to keep investing. If it ever stopped or lost faith, then we would certainly have a very severe “correction,” the likes of which no amount of consumer consumption could change.

As marketers, we keep selling potential before things have been around long enough to gauge any real information on their real value.

Michael James Brown  
Other Awareness Project  
Long Beach, Calif.

Numbers can’t answer everything

RE: Al Ries’ “Metric Madness: The Answer to Mathematical Failure Seems to Be More Math”

That said, the times they are a changing. A few powerful members of Congress are making noises about the privacy issue. And privacy advocates have effectively linked identity theft, phishing, and other ills to behavioral targeting.

Marketing groups have taken notice. The heads of the American Association of Advertising Agencies, the Direct Marketing Association, the Association of National Advertisers and the Interactive Advertising Bureau are making the rounds to make the case that legislation isn’t needed. We tend to agree. And we hope the groups make their case in plain English, rather than in the tone-deaf jargon the tech crowd has so far used to defend targeting and tracking.

But even absent legislation, the onus is on marketers and agencies to exercise extreme restraint when it comes to using tracking and targeting tools. It also means that all parties have to be extremely careful with the data they collect.

Ultimately, abuse of data is bad for business. And marketers can be sure that if one of those large-scale disasters does happen, consumers will notice—and then demand Congress to take action.

(AA, May 4). Several comments reminded me of what former Crain exec Robert Heady used to say to me when we worked together at Bank Rate Monitor:

■ “Perhaps they could have helped answer the question, ‘What’s a Macy’s?’”

■ “Almost everything about marketing is the opposite of the typical manager’s approach to running a business. Marketing is illogical and definitely not analytical. Marketing is intuitive and holistic. We’re concerned, however, that this message is being ignored by the marketing community, who seem to be drifting from the right to the left—from a right-brain approach to a left-brain approach.”

I remember that Bob had a sketch cartoon that showed several uniformed men standing around an artist’s drawing stand. The caption read, “If the anti-creatives want war, we’ll give it to them.”

I have always fought—or at least distanced myself—from the anti-creatives. Keep up the fight and let me know if you need another soldier.

Hugo H. Ottolenghi  
President  
Ottolenghi LLC  
Palm Beach Gardens, Fla.

Who writes the rules for Twitter?

RE: “Learning Twitter? Don’t Take Your Cues From These

Agencies” (AdAge.com, July 6). I continue to enjoy the “rules” of engagement and the outlines for how one must appear on Twitter in order to be defined as successful.

What works for one should not be the be-all end-all blueprint for hundreds.

While I would encourage every agency to be on Twitter and as many social platforms as possible, being there and participating, or not, doesn’t equate to development of strong ideas for clients.

As I read through the comments, I am struck by Scott Monty’s remark. It is great that Zappos has an army of employees on Twitter, but as well they should, they have no army of employees to greet people at their nonexistent storefronts. And I am not saying this as a dig on Zappos at all—I love what they have done—but it is a natural extension. Although I’d argue Amazon.com has made a mess of their logical natural extension on the other hand.

Nevertheless, it’s hard to say whether a Twitter experience or any social platforms for that matter needs to be entirely “human” or multifaceted. It will work differently and likely evolve for any entity that takes part.

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**SMALL AGENCY DIARY**

■ One creative director wonders if creativity can help bring peace to the Middle East.  
**GOOD WORKS**

## COLUMNS

Edited by Ken Wheaton, [kwheaton@adage.com](mailto:kwheaton@adage.com)

## Seven steps to help your agency fight commoditization

JONAH BLOOM



IN MY LAST column, I outlined how rapidly agencies and media brands are being commoditized. Since then, 48-year-old Bernard Glock, P&G's VP-global media and communication, retired from the world's largest advertiser, and his role was split between Dina Howell, the former shopper-marketing chief, and a senior purchasing executive. P&G also started a process designed to create a list of production houses that its agencies are allowed to work with. Such public moves from the industry leader underscore that this is a critical issue for agencies and media owners.

A lot of readers made time to comment on my column. Based on their thoughts and some further discussion with industry leaders, here are seven ways to combat commoditization.

1. Say no. Yes, it's obvious; yes, it's often impractical (especially in a public company), but it's one way to stop the rot. As one commenter put it, "The problem will

get worse until we stop cutting each other off at the knees."

2. Realize you're on the same side as your rivals. Broadcast TV has staved off many of the commoditizing forces at work in other parts of adland. While the networks can be viciously competitive, they are good at holding the pricing line and being unified on key commercial issues. Funnily enough, they've managed to consistently charge more, despite the obvious pressures on their business such as the proliferation of alternative ad options. Meanwhile in other media and in the agency world, going behind a rival's back and offering to do their job for less is like a default setting.

3. Specialize. Said Robert Rosenthal: "The answer lies in recognizing that the other side of commoditization is specialization." Tim Williams, who has written and consulted extensively on this topic, said: "Agencies must understand that 'full service,' isn't a strategy, it's the absence of a strat-

egy." Not sure I fully agree with that, but certainly it's no longer a strong point of difference.

4. Change the cost dialogue into a results dialogue. Here's some advice from Lawrence Boschetto, CEO of DraftFCB. "We need to be able to speak fluently and comfortably in marketing, procurement and finance to truly change the dialogue from a cost-centered conversation to a performance-based one. What clients are really looking for is optimization—of resources (human or financial); of processes (so more is accomplished in a shorter period of time); and of results. Would a client be willing to pay more to get greater results? The answer should be yes."

5. Accept risk. As Nigel Bogle of BBH said: "An original idea is the polar opposite of commodity, and potentially transformational for brands. Hence it should be valued accordingly, and this case needs making more forcefully as the industry seeks to protect its

future."

6. Stop selling ads as the answer to everything. One commenter said: "The minute this business decided it was all about the next ad, it began to perish." Agencies who really want to avoid the rush to the bottom will present smart, creative, business thinking and a range of answers, not an ad dressed up as an "idea."

7. Look for new revenue streams—be a creative technologist. Bogle, whose BBH offshoot, Zag, has created a bunch of brands in which it owns a stake, is also focused on the idea that the industry needs revenue streams that are less subject to the threat of commoditization. "That argues for products, services, applications, content formats, that aren't available from other sources, which help build brands and in which the agency has ownership." Technology, he said, will allow agencies to "open up new revenue streams more protected from commoditization."

## P&G's production move makes industry a worse place

TERESSA IEZZI



SO P&G is now going to choose with which production companies its agencies can work in the U.S. From a select group of production shops chosen by its roster of agencies, P&G will demand detailed financial information and discounted long-term production costs. The marketing giant is looking to reduce the number of production vendors it uses to 30 (from over 100) and set production rates for the next two years, at least. Production companies that agree to P&G's terms will be given "preferred vendor" status but not guaranteed any work.

Sounds great. What happens now?

1. Production companies get squeezed, again. We can all agree that creativity can flourish under pressure, be it the temporal, financial or peer variety, and that a lot of great ideas have been executed for next to nothing. But production companies are consistently asked to do what is realistically big-budget-level work for not much beyond the reel/career boost the resultant

campaign bestows on the director involved. Given that P&G so rarely backs reel-boosting work, participating production companies can't count on banking even prestige.

2. Creativity suffers. The still-moist notion that it's possible to do interesting things for huge, unglamorous marketers is put out of its misery. The best creatives do whatever they can to not work on P&G. Here's the part where I sound naïve, thinking that every marketer wants to actually do what you would call "creative work." Of course not all of them (perhaps not many of them) do. But this is a company that's eagerly claimed the mantle of creative marketer, one that accepted marketer-of-the-year honors at Cannes, billed as the industry's premier celebration of brand creativity. But creativity isn't just about communications, it's about process too. P&G might not be the best advertiser, but it has demonstrated innovation in certain areas (product design). Rethinking its production processes would have

been a great opportunity to apply some creativity—as the Association of Independent Commercial Producers has suggested, perhaps tying production costs to guaranteed shoot days or payment terms. But the proposal doesn't seem to encompass anything creative or anything that encourages creativity.

3. P&G creates the appearance of creating significant efficiencies.

4. P&G gains no such efficiencies. See No. 1. Production companies already do a lot of work for less than fair market value. As one agency producer puts it, "It doesn't matter what the budget is; there's always a way to find a way to do something. I don't think these rates are going to be that great, or beyond what we could get on a given day. It won't give them the results they want—and it'll set up this tension in the industry about people wanting P&G rates."

5. The best talent gets yet another reason to leave the industry. And the talent that might have, once upon a time, considered

entering advertising gets another reason to look elsewhere for a creative career. In the wake of this country's financial crisis, many are looking to a new, small-business-driven innovation boom. With Wall Street a little off its game, other fields stand to benefit from an influx of new brains. Precedents like this encourage those brains to bypass advertising and marketing, where, not only do you not own the great ideas you create, but where you're now under orders as to with whom and on what basis you can collaborate. Buh-bye, innovators and creative geniuses.

6. Another of the final drops of joy left in the industry evaporates. We're all painfully aware of the choices that most businesses have been forced to make in the last year. But here's to P&G for making the industry just that little bit shittier just because it can.

Teresa Iezzi is the editor of Creativity magazine and Creativity-Online.com. E-mail her at [tiezzi@creativity-online.com](mailto:tiezzi@creativity-online.com).

## Catch up with our blogs

What are our Small Agency Diarists worrying about this week? What's going on under The Big Tent? Do our Songs for Soap bloggers think your commercial works?  
**ADAGE.COM**

AS SEEN ON  
**ADAGE.COM/  
SMALLAGENCY**

### MODARELLI: MY 'FAVORITE' RFP

We recently were invited to participate in an online RFP issued by one of our longest-standing clients. The RFP was for "strategic web-consulting and design services," and there was an exhaustive set of requirements to essentially prove our existence and our financial stability. The client also collected a substantial amount of information about our processes, our disaster-recovery plan and even got a little into employee drug testing.

AS SEEN ON  
**ADAGE.COM/BIGTENT**

### PETTIGREW: ARE YOU GIVING BACK?

Giving back isn't just good for the community, it's good for your business. If you're an urban or multicultural agency, your success is driven by your access, insight, credibility and cooperation among these multicultural communities just as much as the brands we counsel and advise. We often highlight and advise our clients on how they should contribute and give back based on the issues and challenges that we are all very aware of.

AS SEEN ON  
**ADAGE.COM/  
SMALLAGENCY**

### ZANGER: HOW TO SAY 'I DON'T KNOW'

In my career, I've seen managers try to work their way out of saying "I don't know" through fancy words and brashness. In every case, it did more harm than good. I have been guilty of it at times as well. Arthur Schopenhauer, that German philosopher of pessimism, once said: "We forfeit three-fourths of ourselves in order to be like other people." By not admitting our cluelessness, we actually can forfeit our roles as those who resolve problems.



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■ DraftFCB's Michael Fassnacht on the right way to build an efficient marketing organization.

■ Q&A's with marketing chiefs from Haier America, Emergen-C, Sharpie and others.

## CMO STRATEGY

Edited by Jennifer Rooney, [jrooney@adage.com](mailto:jrooney@adage.com)

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## THE CMO INTERVIEW

BILL MORGAN

SPRINT



## MORGAN SEES OPPORTUNITY IN PRESSURE TO RECOVER

Sprint VP drives brand proposition to stem subscribers' exodus

By **RITA CHANG**  
[rchang@adage.com](mailto:rchang@adage.com)

BILL MORGAN IS UNDER great pressure these days. As senior VP-corporate marketing for Sprint Nextel, he heads marketing for the No. 3 U.S. wireless carrier that, since 2005, has been mired in technical and customer-service problems.

In late 2007, Sprint's current president-CEO, Dan Hesse, was tapped to turn around the carrier that once enjoyed a solid reputation; about a year later, he appointed Mr. Morgan. Since then, Mr. Morgan, 52—who has served as general manager of Microsoft's Silicon Valley operations and an executive at Grey—has been driving a brand proposition that seeks to keep subscribers while improving customer service. More than six months into his tenure, Sprint continues to see an exodus among its contract subscribers. Last quarter, Sprint lost more than a million customers,

while larger rivals AT&T and Verizon Wireless scooped up millions of new subscribers.

What Mr. Morgan has on his side, however, is a boss committed to marketing as a business driver.

In early April, Sprint launched the "Now Network" campaign, from Goodby, Silverstein & Partners, which seeks to tout its wireless infrastructure as solid and robust. And it continues to hammer away at its value message, aiming to knock its rivals' pricing as uncompetitive. According to TNS Media Intelligence, Sprint spent \$938 million in measured media in 2008.

Still under way is Sprint's promotion of the Palm Pre smartphone, whose June launch set a new sales record for the company. Sprint won't disclose a sales figure, but even the more bullish estimates that Sprint has sold 370,000 Pre's since the end of June still pale compared to the Apple iPhone 3G S, which sold a million units over its first weekend.

Meanwhile, the U.S. Justice Department is reportedly probing whether large wireless carriers are engaging in anti-competitive practices with exclusive handset deals such as AT&T's contract with Apple. Sprint has an exclusive deal with Palm to sell the Pre, but the agreement is expected to expire at the end of the year. Mr. Morgan declined to comment on how the company would fill the void for a Sprint-exclusive flagship smartphone after Pre exclusivity ends.

In an interview with Ad Age, Mr. Morgan defends Sprint's progress.

**Sprint's messages haven't seemed to resonate with consumers, judging by the subscriber losses posted in the past few quarters. What's the fix?**

Building a strong brand takes commitment, perseverance and time. But our network-performance and customer-service improvement coupled with the launch of the Palm

**It's an opportunity to reinforce to your current customers why they should be staying with you, and it's an opportunity to attract new customers.**

Pre and additional dual-mode 4G devices, services and markets will provide momentum for improved performance in 2009. Verizon and AT&T are trying to keep the industry in the same place it was 10 to 15 years ago—creating all this [fear, uncertainty and doubt] about networks. Sprint is the most dependable 3G network and is trailblazing the industry with a game-changing 4G network—we are focused on the positive and the future. In the first quarter, we again made progress in our major business areas of focus: financial stability, improving the customer experience and reinvigorating the brand. We had the largest sequential improvement in overall gross customer additions and net additions in Sprint Nextel history, reduced churn vs. the prior year, and we generated more than enough cash in this quarter alone to pay all of our 2009 debt maturities.

**What's the strategy and value of marketing an advanced technology like 4G that's not widely available? How do you measure the ROI of that initiative?**

We intend to roll out Sprint 4G advertising as each market comes live. We want to offer folks the amazing power and productivity of 4G at every opportunity, so we will not wait until we have a complete build-out across the nation. Sprint 4G is currently available in Baltimore and is expected to be available in Portland, Las Vegas, Atlanta and other markets this summer. And in 2010 we are looking to bring on New York, Boston, Washington, Houston and the San Francisco Bay Area. We want people to experience Sprint 4G to help reinforce that Sprint is the technology innovator in wireless, in addition to being the best value.

**What have you learned as the marketing leader of a company that's struggling to make a comeback?**

You've got to prioritize and you have to maintain that focus. It's also an ability to quickly read the market and to understand where the opportunities might lie that aren't as apparent in the category to the competitors. When you look at the "Now Network" campaign, it's very clear what we're trying to deliver there, and the early feedback is that not only do consumers understand it, it's incredibly relevant. The "Simply Everything" plan took a worry-free component and applied it so people didn't have to constantly worry about the meter running on their phone, and we really dialed up that whole value proposition. On the customer-care side, our consecutive monthly improvement in first-

call resolution and customer satisfaction metrics has now extended to 15 months.

**How have recessionary pressures affected the expectations placed upon you as CMO?**

There's definitely more pressure on everybody to ensure you're giving your customers the best value and give them a tangible reason to stay with you. We certainly feel it, but we embrace it too—the expectation is that it's an opportunity to reinforce to your current customers why they should be staying with you, and it's an opportunity to attract new customers, and certainly the company and the shareholders are looking to us to do our job. The new "Now Network" ads build on the groundwork we've established, taking our messaging to the next level. Our network-focused ads are about differentiation. They integrate a number of new elements from our overall strategy, including results from a segmentation study that helped us better target customers, changes in our customer base as a result of economic conditions, and a desire to talk about the strength of our network in a unique, impactful way.

**We've seen Sprint execute its biggest-ever online campaign this year. Does this portend a shift in Sprint's media mix?**

We've consistently been a leader in spend in online and digital, and all of our upfront media buy includes a core digital element. We're a technology brand and we have a clear market advantage in the data space; it's imperative we dominate the digital media space. We have continued to put an increasing emphasis in our media mix in this area. We have key passion points we look to; they include movies and properties like Nascar, NFL, business, health, gaming. We'll continue to dial up in this space.

**How does social media play in Sprint's communications plan?**

Social media is where Sprint customers are and it is where we need to be in order to engage with them. For example, as part of the Palm Pre advertising campaign, Sprint launched a one-day takeover of Facebook and encouraged users to "gift" a virtual Palm Pre. You also saw us doing a unique venture with YouTube to promote the "Now Network." Users held up a digit from their hand and submitted this image to YouTube. These images were combined and turned into a Now clock. During the two days it ran on the YouTube home page, we had over 40,000 submissions.



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# MEDIAWORKS

Edited by Ann Marie Kerwin, [akerwin@adage.com](mailto:akerwin@adage.com)

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# Inside the collapse of CNN's 'The Sarah Palin Power Hour'

The former Alaska governor's career as a TV talker showed so much promise. What went wrong?

WASILLA, ALASKA (February 18, 2010)—Once again shocking the media establishment, former Alaska Gov. Sarah Palin announced that she was leaving her CNN talk show, "The Sarah Palin Power Hour," after just four months on the air and well short of the terms of her two-year contract. In an echo of the manner in which she announced her resignation from political office last summer, Ms. Palin spoke to a small gathering of reporters at a hastily called press conference at a moose orphanage in Outer Wasilla, a suburb of Wasilla reachable only by dog sled. With her family at her side, she stated that, "I believe I can better progress the cause of broadcasting by working *outside* of broadcasting."

Ms. Palin's surprise move rocked both the broadcasting world and the political establishment, in that her departure from CNN is already being interpreted as a move that could lay the groundwork for a 2012 presidential run. But as media commentators across the spectrum characterized her announcement as both "rambling" and "folksy," there was little in the substance of her speech that offered further clues as to her immediate plans.

"A lot of people talk the talk about quitting, and they never quit," Ms. Palin said, reading from a prepared text. "But to say you're going to quit and then you *actually* follow through, that's the *opposite* of quitting! You know, sometimes you just need to have the courage and the conviction to look the moose square in the eye, level your shotgun, and say, 'Sorry, fella, but this is what's best for America, and Alaska, and all Americans,' and then ya pull the trigger. And if you end up getting a little messy, if you get a little blood and guts on your Naughty Monkeys, well, so be it." Ms. Palin was believed to be making reference to Naughty Monkey Double Dare Pumps, the bright-red buckled shoes that she wore when Sen. John McCain announced her selection as his vice-presidential running mate in 2008. She added, "Sometimes shaking things up and not doing what the good ol' boys

expect you to do—that's what you have to do to progress your values. And anybody that knows me knows that I'm not interested in broadcasting as usual."

Given her tumultuous tenure as a chat-show host, Ms. Palin's talk of defying broadcasting conventions had particular resonance. Her departure from Alaska's governorship prompted something of a bidding war between cable-news networks last summer. Early front-runner Fox News was ultimately beat out by CNN, which reportedly saw hiring the rising star of the conservative political scene as a way to broaden its appeal and poach viewers from its bitter rival. At the time, an unnamed CNN executive familiar with the negotiations told the Washington Post that "we backed up the Brink's truck and threw in a Neiman Marcus gift card."

Almost immediately, though, CNN officials appeared to be having second thoughts about their new hire. Leaks to the press about the apparently exorbitant costs of creating a broadcasting franchise for Ms. Palin roiled the network in the months before the debut, on Alaska Day, Oct. 18., of "The Sarah Palin Power Hour," with millions reportedly being spent on building new studios, complete with town-hall-style amphitheaters, in both Wasilla and Washington, D.C.

The program drew unwelcome headlines when one of its early guests, Newsweek International Editor Fareed Zakaria, was chased off the set by a studio audience chanting "Terrorist!" and "Kill him!" And, in what came to be known as Coopergate, VFCOM, the website of Vanity Fair, published excerpts of e-mails that Ms. Palin's husband Todd sent to various network executives. Mr. Palin apparently sought the removal of CNN anchor Anderson Cooper. "We have reason to believe that he's a socialist," Mr. Palin wrote of Mr. Cooper in one e-mail addressed to Jeffrey L. Bewkes, Chairman and CEO of Time Warner, the parent company of CNN.



JIM WATSON

**CHAT FEST:** Drew Carey, including Snuggie and ExtenZe.

**THE MEDIA GUY**  
SIMON DUMENCO

Ms. Palin also apparently sought to use her new status as a TV power broker—her program debuted to astronomical ratings—to affect programming decisions. In one widely reported incident, Ms. Palin called Eileen O'Neill, president of cable network TLC, demanding that she cancel "Hot Wired With Levi Johnston," a home-improvement show starring the frequently shirtless apprentice-electrician former boyfriend of daughter Bristol. Johnston, the father of Ms. Palin's grandson, Tripp, has an icy relationship with the Palin family. Ms. O'Neill is said to have patiently explained to Ms. Palin that TLC is not owned by CNN or Time Warner, but by Discovery Communications of Silver Spring, Md., prompting Ms. Palin to say, "I don't care, I still want it fixed."

Ms. Palin's record early ratings quickly came down to Earth, and her program was hardly a hit with critics. Virginia Heffernan of The New York Times called it "a bastard mix of 'The 700 Club' and 'The Deadliest Catch,'" while Robert Bianco of USA Today called it "the TV-watching equivalent of waterboarding." Still, CNN was reportedly using the "The Sarah Palin Power Hour" to draw additional business from marquee cable-news advertisers including Snuggie and ExtenZe.

At press time, CNN officials were unavailable for comment, though one executive, reached at what he characterized as "an emergency, um, offsite meeting" held at the Stone Rose Lounge, a popular drinking spot overlooking Central Park in the Time Warner Center, said of Ms. Palin's departure, "Oh, it's totally, *totally* OK. No harm done!" He declined to speak on the record but maintained that "We intend to release Sarah from her contract and wish her the best as she progresses with the progressing of her values. And stuff. Or whatever."

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## WATER COOLER

BY ANN MARIE KERWIN

## '30 Rock' hits syndication just in the nick of time

While we here at Water Cooler try to uphold the proper journalistic distance on the subjects we cover, we are only human after all. Which is why when we heard that "30 Rock" will finally enter syndication in 2011, we let out a little woo-hoo!

The goofiness, the guest stars, the gaggle of gags and one-liners packed into every scene of this show about a live sketch comedy show headed by a late 30-something single woman, Liz Lemon (**Tina Fey**), whose private life is a mess and who weekly gets a life-is-tough tutorial from her own personal corporate overlord, Jack Donaghy (**Alec Baldwin**) deliver the giggles. And the wackiness is only helped along by Kenneth the Page (**Jack McBrayer**), Tracy Jordan (**Tracy Morgan**) and Jenna (**Jane Krakowski**). Showbiz sitcoms are a well-worn genre, but Fey manages to make it fresh with an impressive lineup of celebrities willing to play themselves (like **Oprah Winfrey** and **Jerry Seinfeld**) or come on for a short stint (see **Alan Alda**, **Salma Hayek**, **Elaine Stritch**).

But as any fan of the show has discovered, catching up on past episodes is not so easy. You can buy a season of shows on DVD, or you can watch the selected five fan favorites on Hulu, along with selected clips, but you can't call up any one you want on-demand anywhere unless you've kept all the episodes logged on a digital video recorder.

From a business perspective, I completely understand NBC Universal's desire to maintain a balance between keeping existing revenue streams flowing and letting viewers have unlimited access to their catalog of shows. And it's worked, now that they've gotten Comedy Central to pay a licensing fee to air five seasons of repeats. The show has risen from a Season One rank of No. 102 among prime-time programs to No. 66 at the end of this year. So its audience is growing, but given the speed at which the media landscape is shifting, I wonder if I'll still be excited to watch reruns in 2011, or if I'll just be resentful of NBC for keeping "30 Rock" locked away. NBC Universal, Hulu and Comedy Central should figure out a way to sell sponsorship of the show, no matter where you are watching it, to the same group of marketers looking to reach the audience that is seeking "30 Rock."



NBC

**TINA FEY:** Five full seasons of "30 Rock" are coming to Comedy Central.

## THE HEAT INDEX

Weekly rating (0-10) of sizzle and fizzle

- 10** **MICHAEL JACKSON** The King of Pop dominated all media all the time last week. Least-favorite phrase? "Live-blogging Michael Jackson memorial service."
- 8** **MICHAEL BLOOMBERG** New York mayor wants to save the media biz, and the 300,000 jobs it provides, and is offering retraining, retooling and a freelancer "hive."
- 5** **SUN VALLEY** Media moguls gathered in Idaho for an annual swap-assets-and-see-shiny-new-things party. Guess who was there? Twitter.
- 1** **THE PRINTED BLOG** Turns out, putting blogs on paper is not a good business. Go figure.



## More stories on AdAge.com

■ Twitterers are more interested in sex than the average Facebook, MySpace or LinkedIn user.

■ The About Digital Video Report details a viral campaign that could signal the future of storytelling.

## DIGITAL

Edited by Abbey Klaassen, [aklaassen@adage.com](mailto:aklaassen@adage.com)

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# Facebook turns focus group with Splenda product-sampling app

Sweetener uses site to give consumers first look at its new Mist spray and gather feedback pre-rollout

By NATALIE ZMUDA  
[nzmuda@adage.com](mailto:nzmuda@adage.com)

SIXTEEN-THOUSAND samples distributed, 3,100 fans professing their admiration and 1,500 product surveys completed.

Those are the results from a first-of-its-kind campaign conducted by Splenda for its Splenda Mist prototype, a pocket-size spray form of the sweetener, which has yet to hit the market. Traditionally, marketers in that situation might peddle freebies at grocery stores, embrace street sampling or organize focus groups. Splenda instead turned to Facebook.

"Facebook offered us the opportunity not only to advertise with a brand message and a product message but also the opportunity to solicit feedback and to have our target raise their hand and say, 'I want to sample this product,'" said Ivy Brown, group product director-Splenda.

The campaign used engagement ads to direct consumers to the Splenda Mist page, where through a custom sampling application, they could sign up for a "first look" at the new product. Splenda grabbed names, shipping addresses and e-mail addresses but also demographic data including gender and age range. When consumers signed up for a sample or became a fan of the product, it showed up in their feeds, which Ms. Brown said helped the campaign spread virally. Splenda had hoped to distribute 10,000 samples

## Testing tips

This week Facebook plans to introduce a limited test of a sampling engagement ad. Here, three things you should know if you're considering a market test.

- It won't replace a formal focus group, but it can provide plenty of information that you wouldn't necessarily gather in street sampling.
- As people interact with the engagement ad, reach can be extended. Just like in the offline world, you don't want to run out of samples.
- Once you've invited people in, don't abandon them. Give them regular product updates to encourage a sense of ownership.

in 12 weeks; instead, it gave away more than 16,000 samples in two weeks. Starting Monday, Facebook plans to launch a sampling-based engagement ad, the sixth type of "engagement ad" it's launched.

J3, New York, handles media for Splenda, and BBDO, New York, is its digital agency. CBX, New York, worked on the design of Mist.

Other brands have offered samples to fans or promoted giveaways through Facebook, but the Splenda

campaign differed in that it cultivated a group specifically for the purpose of sampling a prototype—and gathering feedback. Rollout details have not yet been finalized, but a limited amount of the product is available through Splenda's website.

Ms. Brown said the brand gathered valuable feedback from its target, women 25 and older, as well as those outside its target. The data are still being sifted through, but Ms. Brown said they are being used to plan the next stage of the rollout.

"It's another tool in which to expose a product idea, concept or actual product to a particular target in a very efficient way," Ms. Brown said.

Media experts, however, point out that the concept of Facebook as focus group, while intriguing for brands, is not a game changer for the site. "It's not necessarily a huge moneymaker for them, because it's a very niche play," said Ian Schafer, CEO-Founder of Deep Focus, an interactive-engagement-marketing agency. "For Facebook, the ad revenue comes in the form of doing this on a continual basis with lots of brands."

Still, Tom Arrix, VP-U.S. sales at Facebook, said other consumer-products companies are taking note of the ever-expanding possibilities the social network has to offer.

"There are conversations on an ongoing basis about brands out there," Mr. Arrix said. "Innovative brand teams can come into a platform like Facebook, glean insights and make real-time decisions."



**BROWN:** "It's another tool in which to explore a product idea ... in a very efficient way."

## STEVE RUBEL

## ON DIGITAL COMMUNICATIONS

## Five fun mobile gadgets for the social-technology addict

Despite the fact we're deep into summer-vacation season, I'm noticing that many are not taking a break from social networking. In fact my friends seem to be quite active online, even from the road. Here's what they and I are using.

**POSTEROUS** (Free; posterous.com): As smartphones become more sophisticated, many are turning them into ambidextrous social sharing tools. Posterous makes this a snap by allowing you to upload photos, videos and text to a lifestream site, all via e-mail. Also, if configured, it simultaneously updates your social networks. Instead of blogging, I "lifestream" over at [steveubel.com](http://steveubel.com). Podcaster Leo Laporte, meanwhile, is using it to post about his trip China.

**VERIZON MIFI** (\$100 after a rebate, monthly fee of up to \$60; [vzw.com/mobilehotspot](http://vzw.com/mobilehotspot)): For the socially connected who want to be always on, there's perhaps no more useful device than the Verizon Mifi. This mini gadget slurps in Verizon's speedy 3G connection and broadcasts it via Wi-Fi to up to five PCs or mobile devices such as iPods. Fans include James Kendrick, co-author of the outstanding JKOnTheRun blog.

**NETBOOKS** (\$200 to \$500; various manufacturers): Netbooks are mini computers that sit somewhere in between a smartphone and a laptop. They are three pounds or less, cheap and great for the web, e-mail and office-productivity apps. Most run XP or Linux and are low-powered. My favorites are made by Toshiba and HP (an Edelman client). Dave Winer, who invented blogging, is a netbook enthusiast.

**LACIE IMAKEY** (\$35.99; Amazon): No matter where I am, you will never find me without my iPhone or an Imakey. This 8GB USB drive is thin, shaped like a key and industrial-strength. I have mine on my keychain wherever I go. FriendFeed addict Louis Gray just loves his.

**SESKIMO CRABBLE** (\$5; Seskimo): Finally, this handy little tool, which Mac nut David Chartier turned me on to, props up your phone or iPod and makes watching video on a seat tray a pleasure. It folds and fits in your wallet too.

## STEVE RUBEL ...

is a marketing strategist and blogger. He is senior VP-director of insights at Edelman Digital.



PHOTO BY JC BOURCART

## What it means: Google to launch operating system



**WHAT IT IS:** Chrome OS is an "open source, lightweight operating system that will initially be targeted at netbooks," according to the blog post announcing it. So just like Windows runs on your PC or Leopard runs on your Mac, Chrome will run on those slimmed down, inexpensive netbook computers.

**WHY DO IT:** With Google, it all comes down to ads. In its eyes, the more people it can get to spend more time on the web, the more chances it has to connect those folks to advertisers.

Sure, the company hasn't been doing half bad on its own, without wide penetration in the software and OS space. But in less-developed

countries, internet access still lags, and netbooks are seen as a potential cure. Additionally, there's still opportunity to increase internet usage in more-mobile European countries, and Google sees launching a free, open-source OS and apps as a way to solidify its ground in those markets.

**THE ANDROID ANGLE:** Google already has a mobile operating system called Android, which works across a variety of devices—including netbooks—although it's best known for running on smartphones. It does seem a little odd that Google would develop an entirely new system. The company explains that Chrome OS is more

for spending time on the web and for computers, from netbooks (initially) all the way up to full-size PCs. Google acknowledges potential overlap in a blog post announcing Chrome OS, but believes "choice will drive innovation for the benefit of everyone, including Google."

**WHAT ANALYSTS SAY:** "An OS is

significantly different than a browser or a cloud e-mail client, because if it doesn't work, your PC is useless," said Paul Jackson, an analyst at Forrester. But he said Google has made it work with Android, getting hardware manufacturers on board and executing a better-than-expected launch.

—ABBEY KLAASSEN



## More on AdAge.com

■ Robert Louis-Dreyfus, the former Saatchi CEO who helped turn around the agency as well as Adidas, has died at 63.

■ MillerCoors has tapped veteran Pepsi executive Rick Gomez to lead its Coors family of brands.

## PEOPLE &amp; PLAYERS

Edited by Anna Baskin, [abaskin@adage.com](mailto:abaskin@adage.com)

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## FARMINGDALE, N.Y.: GOLF DIGEST U.S. OPEN CHALLENGE

Golf Digest throws a cocktail party the night before its U.S. Open Challenge, a made-for-TV event whose participants included **Justin Timberlake**. (From l.) **Tom Bair**, VP-publisher, Golf Digest; **Daryl Evans**, VP-consumer advertising and marketing communications, AT&T; **Lonnie Cooper**, founder and CEO, Career Sports & Entertainment; and Mr. Timberlake.



## NEW YORK: OUTDOOR ADVERTISING APPRECIATION

Boys & Girls Clubs of America spokesman **Denzel Washington** thanks the outdoor industry for its support of BGCA's "Be Great" campaign. (From l.) **Stephen Freitas**, chief marketing officer, Outdoor Advertising Association of America; Mr. Washington; and **Drew Katz**, CEO, Interstate Outdoor Advertising.



## ASPEN, COLO.: FOOD &amp; WINE CLASSIC

Food & Wine hosts its 27th Classic, featuring dozens of culinary masters and wine experts. (From l.) **Sthu Zungu**, country manager, South African Tourism; celebrity chef **Jacques Pepin**; **Dana Cowin**, senior VP-editor in chief, Food & Wine; **Christina Grdovic**, VP-publisher, Food & Wine; and celebrity chef **Marcus Samuelsson**.



## NEW YORK: OPERATION DREAM DRESS

Brides Magazine hosts a runway show featuring the five finalists in its Operation Dream Dress competition. (From l.) **Alison Adler Matz**, publisher, Brides; **Tom Cassidy**, senior media manager, David's Bridal; and **Hilary Rhoda**, supermodel and face of Estée Lauder fragrance "Beautiful."



## NEW YORK: PROMAX/BDA HONORS ROBERT REDFORD

**Robert Redford** receives a lifetime-achievement award at the Promax/BDA Entertainment Marketing, Promotions and Design Conference. (From l.) CNBC commentator **Donny Deutsch**; **Jonathan Block-Verk**, president, Promax/BDA; Mr. Redford; **Mike Benson**, Promax chair and exec VP-marketing, ABC Entertainment; and **Brett Ashy**, BDA chair and president, Ashy Group.



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Edited by Jennifer Rooney, [jrooney@adage.com](mailto:jrooney@adage.com)

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## PEOPLE ON THE MOVE



Pruett

**Patti Pruett** was tapped as publisher of Modern Luxury Media magazine The Atlantan. Ms. Pruett joins The Atlantan from Vanity Fair, where she was Southeast advertising director. Before that she was the Southeast franchise director for Sports Illustrated and SI.com for nine years.



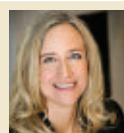
Whiting

DraftFCB, San Francisco, has hired **Robbie Whiting** to lead its digital practice as VP-creative technology. Mr. Whiting was most recently creative technology director at TBWA/Chiat/Day, Los Angeles. Mr. Whiting has also worked at Ignited Minds, a marketing-innovations agency in Los Angeles, and Feed the Monster Media, helping create award-winning work for clients and brands such as Gatorade, Mars, Nissan, PlayStation and Visa.



Bagatti

MTV Networks International named **Roberto Bagatti** VP-creative for MTV Networks International and creative director of its World Design Studio in Milan. Mr. Bagatti previously served as creative director of MTV Networks South Europe. He joined MTV Italia in 1999 as a senior designer in the London-based on-air department.



Jones

NSF International appointed **Elizabeth Jones** VP-marketing. Ms. Jones spent the past nine years as VP-communications for Quicken Loans and its umbrella organization, Rock Ventures. She also helped launch two Detroit-based nonprofit programs: Bizdom U, an entrepreneurship academy, and Rock Financial Junior Achievement Finance Park, which teaches fiscal literacy to students. In addition to her communications and marketing experience, Ms. Jones served 23 years in the U.S. Navy and Navy Reserve, retiring in March 2008 with the rank of captain.



Ouvaroff

WhittmanHart, a provider of digital-marketing solutions, appointed **Alexander Ouvaroff** general manager of its Los Angeles office. Mr. Ouvaroff most recently was VP-group account director/general manager at MRM Worldwide's Los Angeles office. At WhittmanHart, Mr. Ouvaroff will oversee new business and work for clients including Scion, Black & Decker and TelCel, as well as studio and entertainment business, including 20th Century Fox, HBO, MGM, Paramount and Sony Pictures. In 2000 he and two partners opened Lunch Advertising and secured more than \$65 million in billings, including the Red Bull assignment, within six months.



Alishio

**Reyna Alishio** was promoted to exec VP-account service of the Integer Group, a promotional- and retail-marketing agency under TBWA's Marketing Services portfolio. Ms. Alishio started at Integer in the merchandising department and later moved to an account position on the Coors business. Before coming to Integer, she worked briefly in sports marketing at the John Hancock Bowl in El Paso, Texas, as well as a sponsorship company in Southern California. She also worked in regional promotions for Coors Brewing Co. before it outsourced marketing to Integer. Ms. Alishio also started her own agency, Greenhouse Partners, with two partners.



Kirtley

**Todd Kirtley** was named chief information officer for digital-marketing agency VML, as well as the VML and Y&R global digital alliance. For the past five years, Mr. Kirtley has been VML's chief technical officer. He will continue to lead IT, and his role has expanded to oversee technical direction and architecture decisions for VML, its subsidiaries and Y&R partner agencies, which are currently ramping up throughout Europe.

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## Package goods

From Page 1

about 40% of P&G's business as of July 1. But by year-end, it likely will cover brands accounting for about 70% of P&G sales, a spokeswoman said. That likely will lead to a reduction in the number of agencies working with the giant.

P&G's agency-model shift largely eliminates the less predictable sales-based compensation model it has used for a decade—and the tendency for greater use of digital or nontraditional media to generate higher overall fees for brands. It also essentially shifts the burden of cost control from P&G to its lead agency once the overall fee is negotiated each year, based on the "value" of the work, with incentives dependent on sales and performance reviews.

BAL should help P&G with a problem it's targeted for at least six years: reining in a massive global roster of more than 15,000 marketing-services shops. One person familiar with the plan said it's unlikely P&G will reduce the number of holding companies it works with, but it likely will cut the number of individual shops considerably as the newly empowered agencies themselves look to get more efficient.

The reluctance of many P&G executives to cede control of agency

selection held back faster adoption of the BAL model, he said. Ultimately, a tougher economy and greater cost-control pressures appear to have changed minds.

P&G spokeswoman Martha Depenbrock said there are no discussions about reducing the number of holding companies but declined to comment regarding plans for the overall number of shops. Cost efficiency for P&G and agencies alike is one advantage of BAL, she said, but it's also about getting better marketing programs.

Brand-franchise leaders—the client-side executives in charge of the relationship—can still overrule decisions by the agency leaders on down-the-line shops, she said. But the BFLs are usually general managers or VPs, while selections of marketing-services shops in the past have often fallen to marketing directors or brand managers.

There's a seeming financial incentive for agencies to shift work to siblings within their holding companies, though that's not happening much yet, according to P&G. Agency executives are divided on the subject. The reality of holding-company politics is that agencies often get along better across corporate lines, one said. Others, however, said holding-company alignments already have taken place in some cases, such as WPP's Grey Global Group shifting commu-

nications-planning duties on Pringles to sibling MediaCom from Aegis Group's Carat.

So far there haven't been many BAL-related shifts, but most of the assignments are new, said another executive for a P&G agency. "Year two is when the rubber hits the road," he said.

Meanwhile, Unilever and Reckitt Benckiser certainly appear to be turning up the heat on their incumbent media agencies by calling global media-agency reviews during the U.S. upfront. Indeed, the growing list of global reviews by consumer-package-goods giants in all disciplines is "primarily cost-driven," said Stef Gans, CEO of global marketing consultancy Effective Brands, though he added that the lure of agency lineups that better reflect current marketing realities is another motivator.

Unilever and Reckitt both say the timing is coincidental and they're just making routine, periodic global reviews—though cost efficiency is always a consideration.

Unilever had been considering a review since last year, said Laura Klauber, senior VP-global media, but decided to delay it given the global economic meltdown and the volatility of global media markets.

"There's always a drive for greater value in any relationship," she said, "and we would be remiss in not trying to continue to drive value. But it's

way broader than that. There's huge change in the media landscape, and we need to constantly reassure ourselves that we have the strongest agency partners around the globe."

Unilever, too, has undergone considerable consolidation in the past five years, Ms. Klauber said. Naming a single global media agency isn't the goal of the review, she said, but it's a possibility.

In the case of P&G, the cost-cutting drive has extended beyond agencies to production companies. The marketer is endeavoring to control TV production costs by creating a global roster of production companies that could end up as small as a quarter the size of its current group of about 125. That move from the industry's largest player, which spent \$3.36 billion on measured media alone last year, is likely to spur similar efforts by other package-goods marketers.

TV production costs have been a relatively unturned stone in marketers' cost-cutting efforts, but they can amount to 10% of media costs or more, and that approaches outlays for creative-agency fees, said Fran Furtner, a P&G alum who's president of MRA, a Cincinnati production consulting firm.

Other marketers, particularly competitors, will be watching P&G closely, Ms. Furtner said, to see if top production houses follow through on threats not to participate; to con-

sider whether they should try the same thing; and to ensure they don't end up getting charged more to make up for discounts P&G gets.

P&G long has had a hand in selecting bids from among production companies submitted by agencies, and has tried similar roster schemes in smaller countries, she said. But trying it on a global scale is definitely "a bold move," she said.

The shift is just one more sign of the growing power of procurement executives and processes in P&G's marketing-services decisions. The impending departure of Bernhard Glock as P&G's global media chief has added the final pieces—media agencies and purchasing—to the marketing-services responsibilities of Stewart Atkinson. Mr. Atkinson is a former Army officer who spent most of his 23-year career at P&G in purchasing for laundry, health care and beauty products before taking up marketing procurement in 2006.

As manager-global brand building purchases, he's part of P&G's "product supply" organization and reports to Rick Hughes, P&G's top global purchasing official, though he retains a dual report to Global Brand-Building Officer Marc Pritchard.

Marketing procurement is "a capability we've been developing for many years," Ms. Depenbrock said, adding that Mr. Atkinson's expanded role "lets us make fuller use of it."

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# Upfront

From Page 3

until conditions are just right.

"Negotiations are getting a little better. We have to nail ourselves down by mid-September," said Steve Neder, general manager-brand strategy, Volkswagen of America, expressing confidence that deadline would be reached. While a broad group of Volkswagen prospects are spending more time on the internet, social-media sites and mobile devices, he said, the automaker still needs for TV, although "we can probably reduce it a bit."

Buyers say retailers and movie studios are likely to be strong players in this year's market, though movies and other filmed entertainment will not match the volume of previous years. Telecom, however, will likely remain among the networks' best customers.

T-Mobile, for one, plans to keep its broadcast allocation level with past years. "We are a 52-weeks-a-year advertiser, as our customers tend to be in the marketplace buying phones every week of the year," said Brett Dennis, director-media, T-Mobile. He said the telecom has not yet done any deals but is in discussion with the networks about integration deals.

"The slowness is really the divide between what we as advertis-

ers are coming to the table with in terms of pricing relative to what the networks are looking for. So there's still a bit of a gap in that space. Frankly, we don't have a timetable. We'll take as long as it takes to get the gap closed. We are less interested in wrapping things up vs. really putting together upfront plans that make sense for us," he said. "We see this every five years or so when the market tends to reset itself. And this is definitely one of those years."

Package-goods players have made no bones about their interest in driving down rates and getting better all-around deals in the upfront. Rob Master, director-North American media for Unilever, said going into the upfront in May, "Ultimately, media companies who don't have a realistic view of the marketplace are going to be very challenged during this upfront." Unilever is reducing the number of media companies it looks to do deals with, in part because of the complexity of the deals, in part to get better ones.

The veiled threat of shifting to digital media has long been a gambit by package-goods players seeking to soften up media negotiators going into the upfront. This year, the threat has considerably more credibility because some big marketers have proved they're willing to follow through, and they're not bothering with the veils. Procter &

Gamble Co. more than doubled measured spending on internet display ads in the calendar first quarter and hiked magazine spending 12% while slashing network TV spending 44%. The relatively lower CPMs of those other media appeared to play a role in P&G's claim of increasing media impressions 5% while cutting marketing spending \$440 million globally.

Andrew Lacik, general manager-marketing for U.S. household at Reckitt Benckiser, said in May that getting better upfront deals was one expected side benefit of the company's shift of roughly 5% of its TV budget into online video ads. "When you don't have alternatives, there's a different balance in the negotiation," he said. "We think we have an alternative, so of course that kind of strengthens our hand."

The impasse can't just be pinned on buyers and sellers locking horns on prices. In some cases, media agencies made lower TV prices a selling point in new-business pitches and feel they can't go back to certain clients without solid discounts in hand. In other cases, marketers have been late in determining the amount of money they have to spend this year, since the recession makes it that much more difficult to figure out expenses and available money for the next several months. And of course, everyone is cognizant of the opportunity to buy

**"We are less interested in wrapping things up vs. really putting together upfront plans that make sense for us."**

video advertising in venues that aren't the living-room TV set.

But when you get right down to it, pricing is a central issue. "The amount of savings companies are telling us they might see from media rates used to be 10%, then 15%, now 20% to 25%," said Sanford C. Bernstein analyst Ali Dibadj. "It seems like they keep upping the ante. Part of it is perhaps negotiation, but part of it is likely that they are trying to prepare investors for reduced advertising spend and increased promotional spend when they report over the next few quarters."

Advertisers and their buying representatives marched into discussions with strong talk that, with overall ad-dollar volume down by as much as 15% to 20%, they were going to notch double-digit decreases in the cost of reaching 1,000 viewers, also known as CPM, a common measure in upfront talks. Most buyers have backed off of those demands. Instead, they are seeking CPM decreases in the mid-to-high-sin-

gle-digit percentage range from ratings-challenged NBC and decreases in the low-to-mid-single-digit range from ABC, CBS and Fox.

The gap has narrowed, buyers said, but the two sides haven't yet come to terms. "Even though the broadcast nets have eased their demands on pricing, the current bid/ask spread will likely mean upfront negotiations will continue to drag well into July. CBS continues to ask for flat to up [on pricing], but a more negotiable stance from Fox [and] ABC may make that a challenge," said a research note from Wells Fargo Securities issued last week. Only NBC Universal is making progress in public, negotiating with WPP's Group M and notching upfront sales for its cable properties, according to a buyer familiar with the situation. NBC Universal declined to comment.

On the whole, said one media buyer, "Agencies are sticking strong to what they want, and no one is moving. The gaps are still wide enough that there is no incentive to move. There might be agreement between the sellers and us on the negative, but the gap between our numbers on the negative is the disagreement. They think we are holding money back and that more money is coming."

**CONTRIBUTING: MICHAEL BUSH, RITA CHANG, JEAN HALLIDAY, JACK NEFF**

# Recession

From Page 1

run.

In late May, Brainstorm Group—another Toronto agency that has been around since 1992, numbers 50 staffers and handles work for the likes of Popeye's Chicken, Canon Cameras and Kenneth Cole—ran a full-page ad of a coupon in the Globe and Mail newspaper, offering new clients a \$40,000 discount on a retainer of \$250,000.

The agency's chairman-CEO, Ron Telpner, said the Brainstorm Group's website saw a spike of 1,600 hits the day it ran the coupon, the majority from first-time visitors. While the shop hasn't had any takers, it was invited to participate in five new-business pitches by marketers who saw the coupon, Mr.

Telpner said.

"Small to midsize agencies really have agility right now, and we're certainly more prepared to take a bigger risk than some of the big multinational [agencies] would," said Mr. Telpner. "Smart agencies are doing things that push the envelope a bit, because that's what cuts through."

Atlanta-based agency Fletcher-Martin created a recession-oriented program called "Ad It Forward" that charges clients a mere \$1 creative fee (and that, too, can be waived if they don't like the ad presented to them). The only catches are that the client has to spend \$50 at a business in the neighborhood to help stimulate the local economy, and Fletcher-Martin can include the work in its promotional materials.

AgencyNil, which was launched in May by enterprising VCU grad

Hank Leber, has no set fees for work; it follows the Radiohead model, allowing clients to name their price.

It's not just little-known agencies that are willing to bend in unprecedented ways amid the recession. Even recognized agencies with global clients have accepted drastically low fees merely to stay competitive and remain active with their communications.

Boston-based Modernista, which handles ad duties for embattled automaker General Motors and the newly-launched Palm Pre, this month auctioned off creative ideas on eBay. In the end, the highest bidder for the work—a set of 12 scripts suitable for beer commercials—paid just \$45.

But not everyone is on board with the cut-rate trend. Some industry observers are cringing, fearful that toying with compensa-

tion practices could cause permanent damage.

"It's a short-term way of standing out, but long term I think it smacks of desperation and it's a terrible thing for the industry," said Elizabeth Zea, partner at consultancy Glibert & Co., New York. "If you give something away for free or create work and auction it off at prices that are basically free, is that really valued? I think it undermines the whole industry. ... I think it's disappointing."

The risks are greater for established, larger players, Ms. Zea said: "For a small agency, like the VCU startup, they've got nothing to lose and it's a bold way to break into the business. But if you are an established midsize agency, then I start to worry it's a last-ditch effort and if I should be worried for their financial health."

"It's a high-stakes gimmick that

is not without consequence, and I hope the agencies have really thought it through because the economy will perk up again, and now these agencies have established their value," she added.

At Brainstorm, agency management "did a lot of thinking about [the coupon promotion], because we never wanted to denigrate our own brand," said Mr. Telpner. It asked its current roster of clients for approval before launching the promotion, and they gave their blessing. "They know that we give them great value; it wasn't that they felt they were overpaying."

"Anybody who can afford a full page in the Globe & Mail isn't desperate. ... Desperate agencies don't look to spend more money on advertising," he said, adding that his agency has given employees bonuses despite the tough economy and has not had to initiate layoffs.

# DoubleTwist

From Page 4

keting. DoubleTwist is positioning itself as the antithesis of Apple's walled garden: It wants its software to work on any device, and already supports hundreds of them, including gaming handhelds, such as the Sony PSP, and BlackBerry smartphones.

"Our goal is to turn all the hundreds of millions of devices out there into an iPod," Ms. Farantzios said. The math is certainly on her side: Cellphone users number about 4 bil-

lion globally; in contrast, some 170 million iPods had been sold worldwide at the end of September 2008.

DoubleTwist's other co-founder, Jon Lech Johansen, is no stranger to taking on Apple. He the giant's digital-rights-management technology, and earned the alias "DVD Jon" for cracking DVD copy protection in his teens. Funding the start-up are Asian and European venture firms and former Hollywood talent agent Michael Ovitz.

That DoubleTwist is launching an ad campaign to drive downloads for a product that's not fully baked is curious. Software makers usually drive

beta testing through word-of-mouth and prefer to work out the kinks before hitting a mainstream audience. But Ms. Franantzios said the software is mature enough for the mass market, since "hundreds of thousands" of people are already using it.

While Apple hasn't come after DoubleTwist directly, analysts say the computer giant can easily block third-party devices and software from syncing with its products. iPhone's latest software breaks compatibility with DoubleTwist, so the latter is quickly making tweaks to support the device. Ms. Farantzios said there's also nothing Apple can

**"We're outside of conventional marketing. We like things that are viral and stepping on the bigger guys' toes."**

do to derail DoubleTwist's support of non-Apple devices.

It remains to be seen whether DoubleTwist's latest promotion can spawn returns similar to those generated by its short-lived inaugural campaign in June, launched days ahead of Apple's Worldwide Developers

Conference. It placed its "cure for iPhone envy" billboard in a space owned by Bay Area Rapid Transit just a few feet from Apple's San Francisco flagship store. The \$25,000, three-month billboard lease lasted just two days, was taken down twice and replaced once. No matter: The days following saw a 10-fold jump in downloads and a sustained increase in DoubleTwist's website traffic.

"We're outside of conventional marketing," said Ms. Farantzios, who promised more marketing pushes in September. "We like things that are viral and stepping on the bigger guys' toes."



# SpongeBob

From Page 4

celebrate him across the house."

"SpongeBob," created by Stephen Hillenburg and voiced by Tom Kenny, was as close to out of the box as Nickelodeon could have asked for at the time. Although it debuted to middling ratings in July 1999, it soared past "Rugrats" as the network's highest-rated show of all time within a year. By 2001, SpongeBob was starring in his first "Got Milk?" ad, followed by three more years of growing popularity, which resulted in the \$86 million-grossing "SpongeBob SquarePants: The Movie." It was around that time the licensing blitz took off, as SpongeBob paired with everyone from Paramount to Burger King to Hasbro and becoming the top licensed character for adult and children's apparel.

But Pam Kaufman, Nickelodeon's chief marketing officer, said she feels like the franchise is still just gaining momentum. "Someone said to me a couple weeks ago, 'Aren't you worried about burning this thing out?' I said, 'Yes, I was worried four years ago,'" she said. "We're having a great time with the 10th anniversary, so this is not the end by any means. It's just the beginning. No other property in its history over time is still where it is today like 'SpongeBob.'"

Ms. Kaufman oversaw the airing of the first global tent-pole event in 2006, "SpongeBob: Lost in Time," which drew 8.6 million total viewers and a 16 share for kids 2 to 11, luring a large international audience as well. "That's when our jaws



**A BIG FAN:** NBA star LeBron James is one of SpongeBob SquarePants' many celebrity admirers.

pretty much dropped. That was an 'oh my God' moment," she said.

Robert Thompson, director of the Bleier Center for Television and Popular Culture at Syracuse University, summed up the ascent of SpongeBob even more succinctly: "For kids, I would put SpongeBob in that rarefied category that includes the Sesame Street universe and the Disney universe," he said. "If you add up the total number of episodes in only 10 years, that's a relatively small body of work, and SpongeBob has managed to infiltrate the culture of childhood and American life at large that few other things have done."

That's why Nickelodeon is committed for the long term, with plenty of new episodes coming for the next couple of years, even as repeats continue to draw upward of 3 million viewers apiece. "It's still a very important property for us," Ms. Kaufman said.

Not least of all because of the ads it attracts. From 2004 to 2008, the little yellow guy's show has brought in \$813 million in ad revenue for Nickelodeon, according to TNS Media Intelligence.

Nickelodeon is already halfway through a yearlong marketing blitz to tout the "SpongeBob" anniversary, beginning with a PR blitz at the Sundance Film Festival, where

stars were feted with limited-edition, 12-carat diamond SpongeBob pieces from Simmons Jewelry. The company's president, Scott Rauch, said blinged-out SpongeBob earrings, necklaces and rings will soon sell at retail for \$95 to \$350. "When you get a character like SpongeBob, especially when people are feeling down, it's nice to get a piece that's recognizable, makes you feel good," he said.

The celebration continued with a retail partnership with Walmart stores that gave the character valuable front-of-store real estate for the month of March. A month later, Burger King kicked off its latest tie-in with the character, with

"I would put SpongeBob in that rarefied category that includes the 'Sesame Street' universe and the Disney universe.... [It's] managed to infiltrate the culture of childhood and American life at large."

sales outpacing the number of Kids Meals sold during previous SpongeBob promotions the fast feeder has held since 1999. "[The] staying power of the property is second to none," said Cindy Syracuse, senior director-cultural marketing for Burger King. "The most striking example of its popularity occurred in 2004, when our oversized SpongeBob inflatables were stolen off of the rooftops of numerous restaurants nationwide. The 'Spongenappings' ignited an inflatable frenzy among fans and the media."

Other stunts in the coming weeks will include SpongeBob ringing the closing bell at the New York Stock Exchange on July 16; a global tour of six 8-foot SpongeBob statues in 12 countries; the July 18 premiere of "Square Roots," a documentary about the show's origins; and SpongeBob becoming the first animated wax figure at Madame Tussauds museums worldwide.

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# Burger King

From Page 1

lar menu last fall because franchisees found it wasn't making a buck. Burger King's version of the sandwich is more costly by all accounts, because the chain uses thicker patties.

Regarding the dollar-burger vote, Burger King spokeswoman Lauren Kuzniar said that "many product and menu options are always in development and under consideration." She added that the chain will let media and consumers know "when any final menu or value decisions are made." At press time, the outcome of the vote was unclear.

Burger King won't report the current quarter's results until Aug. 20. But UBS analyst David Palmer issued a note last week pertaining to the vote, and projected that Burger King's North American same-store sales would be down between 2% and 3%. Four franchisees polled in the last month all reported greater sales declines, some in double digits for May and June. By comparison, McDonald's is expected to post 3% to 4% same-store sales gains in the same period.

Burger King called for a vote on a

four-month promotion of a double cheeseburger for a dollar July 3, and called for all franchisees to vote by July 8. Responding to blowback over the weekend, Burger King announced last week it would tone down the sexual content of its advertising. Franchisees have repeatedly expressed concern about sexually suggestive advertising and other generally offensive efforts such as the "Texican Whopper." But the chain generated intense controversy the same day over in-store advertising in Spain that depicted Hindu goddess Lakshmi atop a ham sandwich.

The four-month proposal was struck down July 8. Franchisees said the corporation demanded a revote, shortening the promotional window to six weeks, and putting forth an oddly cobbled set of rules: Only no votes could vote again. Anyone who had voted yes would be counted as in favor. Anyone failing to vote would diminish the overall voting pool, likely giving those yes votes more weight. The deadline for voting was 3 p.m. EDT July 10.

Shortly following the revote mandate, Burger King disseminated a meandering memo, attributed to Chief Marketing Officer Russ Klein, reiterating the promise for fewer potentially offensive ads, among

other things. Mr. Klein acknowledged that some ads had caused offense and have been damaging to the brand. "Burger King Corporation acknowledges the regrettable but unintended public narrative, reflecting perceptions of some amount of our patrons, are the gratuitous or offensive use of sexual innuendo in a series of various advertisements even some outside the U.S., that have inadvertently reflected negatively on the brand—and that the advertising will be managed more conservatively with a keen sensitivity accordingly," Mr. Klein wrote.

He continued: "Alex Bogusky and I have a clear and mutual understanding of the need for the brand to tone down creative execution in this regard. ... While what is a decidedly more edgy/breakthrough approach to our brand advertising will remain."

Franchisees interviewed for this story admitted that the meandering memo was received with skepticism and confusion. "What does that mean?" another franchisee said. "You tell me."

Ms. Kuzniar said that Burger King doesn't comment on internal memos as a company policy. A call to Crispin, Porter & Bogusky, Burger King's agency, was not immediately returned.

the "new" GM, which the appointment of Mr. Lutz seems to indicate. "GM has to do something radical" in communications, one of them said.

Indeed, one of Mr. Lutz's first tasks was to call meetings next week with officials of GM's remaining four vehicle brands to see proposed ad work and to get him up to speed on some of the most current messaging. But there wasn't mention of overall marketing strategy, new media or media planning.

And while GM spent \$2.9 billion last year, \$669 million of the total was spent in unmeasured media, which is a swiftly growing part of the business for automakers and marketers at large.

Mr. Lutz, however, talked a good game when it came to integration and bringing design into the equation. "We're going to shift resources," he told Automotive News. "We're going to have design have a powerful influence on public relations and advertising and vice versa. It's really going to be, for the first time, an integrated communications approach." And it won't be a timid one, either. GM will be "less worried about 'Gee, what is somebody going to think?'" he said. "We're going to go from being very defensive and risk-averse in communications" and become "much bolder in getting our story out."

No one doubts his ability to be bold. Dave Rooney, a former director-marketing and global communications at Chrysler, who worked with Mr. Lutz there, said, "Bob is a marketer by passion and he has an innate sense of the marketplace."

Arthur "Bud" Liebler, former senior VP-marketing at Chrysler, who also worked with Mr. Lutz there, said his former boss has a good

understanding of marketing. Mr. Liebler, who now runs an eponymous communications-strategy firm, recalled Mr. Lutz being outspoken after being shown a proposal for an emotional and sensual ad campaign for the Dodge Ram pickup in the mid-'90s. Mr. Lutz called the work "pretty advertising," then asked why the managers behind it weren't telling consumers about the changes in the truck. "We changed that campaign in a hurry," Mr. Liebler said.

He said he's unsure whether Mr. Lutz is up to speed on the digital world, though he noted that the GM executive has a blog and added, "I don't like to second-guess Bob."

Susan Docherty, VP of Buick-GMC, told Ad Age last week that Mr. Lutz "already booked a meeting with us Tuesday" to see the most current messaging and work in progress for the two brands. She called Mr. Lutz "an icon in this business" who has a "tremendous amount of experience."

That's undebatable. Mr. Lutz began his automotive career in 1963 at GM in Europe before joining BMW in Munich as exec VP-sales for three years. Mr. Lutz spent 12 years at Ford Motor Co. and served on its board. He logged a dozen years at Chrysler, where he led all auto activities, including marketing and product development, and he chronicled his time there in his 1998 book "Guts: The Seven Laws of Business That Made Chrysler the World's Hottest Car Company." He rejoined GM in 2001.

There'll be those who'll say a guy who's been selling cars for 46 years is going to have trouble changing the way it's done, but the consensus from those who know him is that if any 77-year-old can rip up the rulebook, it's Bob Lutz.

CONTRIBUTING: JAMIE LAREAU

# Social media

From Page 4

product personally."

Perhaps the closest to a social-web-based Net Promoter Score is something Razorfish plans to introduce this week: the SIM score, which stands for social-influence marketing. Razorfish hopes SIM, in fact, becomes a standard as big as a Net Promoter Score. It's a reflection of the total share of consumer conversations a brand has online and the degree to which consumers like or dislike the brand when they talk about it. The agency envisions marketers will track it over time and that it will correlate to business results.

"Any mention of a brand, as long as it's not negative, serves a brand-awareness purpose on the web because once it's there, it stays there," said Shiv Singh, VP-global social-media lead at Razorfish. That eternal digital archive, he said, is a factor that many traditional brand measurements don't necessarily account for. Razorfish has already calculated it for several marketers: In the auto space, Ford leads with 31, followed by Honda with 30, Toyota with 18 and Nissan with 15. GM's score is 5. (The agency didn't release a SIM score for Mercedes,

which is a Razorfish client.)

Razorfish worked with TNS/Cymfony to capture social-media content and the net sentiment of a brand: the positive and neutral conversations minus negative ones, divided by total conversations about the brand. That number is then divided by the net sentiment for the industry to get the SIM score, the idea being that the score isn't meaningful until it is adjusted for its category; some industries, such as autos, have very high SIM scores, while industries such as pharma have very low ones.

Ogilvy PR today will also launch a formula for calculating what it calls "conversation impact." It's meant to determine not the overall social-media health of a brand but rather the impact of a particular campaign. It's already using the tool—which takes into account reach at the top of the funnel, preference in the middle of the funnel and action at the bottom—to help evaluate a Tropicana campaign.

"We're basically paying attention to all the positive word-of-mouth for a brand and through a very simple Net Promoter-esque formula can report out [whether we] did increase preference for the brand" said John Bell, managing director of Ogilvy PR's digital-influence group.

# Razorfish

From Page 3

nally by the Financial Times, on the heels of the Cannes Lions International Advertising Festival in France. It would like to add the shop to its stable of assets that include Digitas and VivaKi, the media-buying division. Publicis also appears to be in a relatively healthy financial situation to buy the firm compared to its peers.

London-based WPP is also interested but is thought to have less flexibility financially and would largely be interested as a defensive move. (Last year, Ad Age reported WPP was interested in doing a strategic deal with Microsoft in which the holding company could shed part of the 24/7 Real Media assets plus cash in exchange for Razorfish. Since then, it has closed on an acquisition of TNS.)

Meanwhile, a dark horse is Omnicom, which is involved in talks as well, according to a person close to the situation. Omnicom hasn't made a digital purchase in several years and is expected to have a disappointing 2009. Dentsu was reported by the Financial Times to be pursuing a deal as well.

Dentsu already has a partnership with Razorfish, called—as of this year—Dentsu Razorfish. It was born out of a joint venture in April 2001 between Dentsu and printing marketers who began offering digital communications. The entity struck an alliance with

**Microsoft, Morgan Stanley and Razorfish have yet to come out and say the asset is for sale.**

Razorfish in January 2007 to become Japan's first fully fledged interactive agency. Today it has nearly 200 employees. The Tokyo-based company is run by President-CEO Reo Watanabe. Interestingly, Publicis and Dentsu also have a relationship, with the latter owning 15% of the French holding company. The holding companies and Microsoft either declined to comment or couldn't be reached.

Gaining strategic ad commitments or assets in addition to cash would help Microsoft from a public-perception standpoint, since the company will recoup through a Razorfish sale only a fraction of the \$6 billion it spent to acquire aQuantive. (It retains aQuantives ad-serving business, Atlas, and its media business, DrivePM.)

Incidentally, this is one of the most unusual agency-acquisition situations in recent memory, as Microsoft, Morgan Stanley and Razorfish have yet to come out and say the asset is for sale, and any industry executives who are familiar with the situation all caution that the talks are cast as a "potential sale of the agency."



# Tracking

From Page 3

For starters, every time you revisited a site, you'd get the same ad over and over, including those big fat ad units you have to click to close. All your favorite sites would lose your preferences; information fields would never auto-fill; and e-commerce would become too annoying to contemplate. "If there is no information collected, it would be like a constant exchange with an amnesiac," said David Berkowitz, director of emerging media at 360i.

While the fringe of the online ad world is rife with spammers, phishers and purveyors of malware, the data collected by your garden-variety website, ad server, network and advertiser are, well, incredibly boring. The standard behavioral-targeting cookie collects the type of information that tells a site whether you prefer "national news," "Idaho news" or automotive content.

Moreover, some 80% of display ads served on the web today are frequency-capped and run across multiple websites. That means if you've seen an ad three times on CNN.com, you might just see it another two times on ESPN.com—but only because the ad server knows you don't want to see it a sixth time. If surfers become anonymous, frequency capping would go away. Ads would get flashier and more annoying as they catered to the fraction of 1% of users that actually click.

"Certain consumers would be hammered with the kind of ads they complain about most—a clut-

ter of irrelevant ads," said Dave Morgan, founder of ad-targeting firm Tacoda Systems, who helped develop the industry "principles."

Moreover, some websites would go away. Aside from making the web less personal and customized, zero targeting would put the hurt on mid-size publishers—the ones not big or well-known enough to throw up pay walls or try other models.

The irony of all this is that even if consumers say they want privacy, their actions often belie their words—perhaps one reason the advocates' voices have always seemed far louder than consumers' on the issue. In fact, the latest push for regulation comes as consumers increasingly give away information on social sites such as Facebook and MySpace.

None of this is to say targeting shouldn't be scrutinized and bad actors rooted out. And that scrutiny shouldn't be limited to online data, which pales in comparison to the sales and subscription data collected and sold in the offline world—information that is actually tagged to individuals. Marketers that fail to address or respect consumers when entering into new channels are inevitably met with limitations, said Trevor Hughes, executive director of the International Association of Privacy Professionals.

Those limitations can come from regulation but also from consumers, just as the proliferation of pop-ups led to the pop-up blockers that are now standard equipment on just about every web browser. But somewhat lost in the debate is that targeters aren't the only ones who derive value from the data: Web surfers do, too.

## More on AdAge.com

■ The heads of the ad groups visited Ad Age recently to discuss this issue. See video at [ADAGE.COM](http://ADAGE.COM)

# General Mills

From Page 3

Cola did when it purchased the now-mass Vitaminwater. "For a while, the larger companies said, 'We'll let someone else do it, and then buy them if they're any good,'" said Bill Bishop, chairman of consulting group Willard Bishop. "Now it's become evident that you give up too much in opportunity by letting it get developed by the smaller players."

But what about the second key ingredient to product success, mass distribution? After all, gluten-free products would appear to run counter to the trend of retailers decreasing their product assortment counts 15% or more. But Mr. Bishop said stores are really shedding duplication, such as dozens of kinds of olive oil, and that frees up room for new products that target a need.

"What we're finding is the stores aren't really getting smaller; the retailers are saying, 'We're going to take the No. 1, No. 2 and No. 3 brands and our store brands, and that's it,'" Mr. Lempert said. "So there's more shelf space available than a year ago, and it allows for

more [varieties] of the No. 1, No. 2 and probably No. 3 brands and store brands."

In the past year, gluten-free baking products became the most consumer-requested item at General Mills, a fact Ms. Simonds said was partly gleaned from social media as the company has more and deeper conversations with consumers. What was once a call to the consumer hot line or a two-paragraph letter is now an in-depth conversation about feelings and need states.

"The combination of talking to our own employees who have this challenge and the consumer requests we've been receiving—the number there were, their depth and the passion—was really compelling," Ms. Simonds said. "The fact that it happens to be a niche or smaller group of people than we traditionally serve didn't faze us, because we have this vehicle in the internet that allows us to reach those folks."

General Mills launched a gluten-free version of Chex cereal last year, and gluten-free Betty Crocker baking mixes hit the shelves last month. The platform is launching with mixes for chocolate-chip cookies, brownies, devil's

food cake and yellow cake.

Dena Larson, marketing manager-baking products at General Mills, said while consumers with Celiac disease are a small percentage of the population, they are well-connected. She said rumors that General Mills was developing gluten-free baking products spread across Twitter like wildfire.

Since the audience was already clamoring for gluten-free news, General Mills knew consumers would carry the message. "We felt that this was a product that was going to be marketed almost entirely digitally," said Kelli Ask, interactive-marketing manager at General Mills. "We knew this was a group of very passionate consumers, always talking to each other and looking for solutions."

The company has partnered with the major Celiac disease foundations, and invested in search-engine optimization. That's a logical move, since Ms. Ask said once a person gets a Celiac diagnosis, "the first thing they do is turn to the search engine to figure out what they can eat." And when they do, "We want them to enter 'gluten-free' or 'Celiac' and be directed to our website."

# Privacy

From Page 3

regulation should go look at. And the government has done a wonderful job, again, over a 40-year period, through every different stripe of administration, in backing up self-regulation by putting those companies on the top of the list to take a look at."

—LEE PEELER, CEO, NATIONAL ADVERTISING REVIEW COUNCIL OF THE BETTER BUSINESS BUREAU

## Why do you think the online-advertising issue has come to a boil in Washington?

"There was a 10-year gap of not communicating well with our public, so you had advocacy groups stepping in and owning the public conversation around it. That and you had a lot of well-meaning technology people who know data, who know technology, who would talk effusively about the glories of the new world without really taking cognizance of how words can make people concerned."

—RANDALL ROTHENBERG, CEO, INTERACTIVE ADVERTISING BUREAU

## Do you think it's a case of bad PR?

"The minute you use the word 'tracking' it implies... that someone is tracking you through life and that's not the way this works, as we all know. So I think part of it is we all as an industry have to begin to use words and verbiage that don't allow that kind of reactionary reaction, if you will."

—NANCY HILL, CEO, 4A'S



## GARFIELD'S ADREVIEW

BY BOB GARFIELD

# Music video forces United to clean up customer-service act

Yo, United Airlines, animate *this*.

Assuredly the company's TV ads are lush and lovely, gentle and comely. Almost splendor itself. Alas, the United experience is not so splendid. Frequently enough, it is an inner circle of hell, populated with overworked and undercompensated, irritable and indifferent employees who have been themselves hosed by management so often they seem to derive perverse satisfaction in doing the same to you.

Surliness is by no means unique to United crews, but Delta and American and US Airways also don't presume to offer "Friendly Skies." So we wish United would start being more truthful in its advertising.

Sadly, Abu Ghraib doesn't animate well.

That's where Dave Carroll comes in. He is half of the Canadian folk duo Sons of Maxwell, a touring music act that a year ago had the misfortune of traveling from Halifax to Omaha, via Chicago, aboard United. It was in Chicago that they saw baggage handlers tossing guitar cases onto the ground as if they were bags of cement. Carroll tried to report this to flight attendants, but they evinced no interest.

Sure enough, his \$3,700 Taylor guitar was severely damaged—leading to months of effort trying to get compensation from the airline. Despite jumping through the various flaming bureaucratic hoops put in his path by United, he was eventually denied his claim.

Here's what most people do in those circumstances: They fold. They bitch, they moan, they threaten, but they almost uniformly decide not to throw good energy after bad. They harbor bad feelings, but they also give up.

Some people, however, do not. Great men hoist high the flag declaring, "Don't tread on me," and heroically set out for redress of their grievances. For the sanctity of principle. For, you know, revenge. (For more on this subject, we commend you to TheChaosScenario.net and a chapter titled "Comcast Must Die." It's a sizzler, by God, and the author is a national treasure.)

What Dave Carroll did was no more or less than what he promised (i.e., threatened) the airline: a music video devoted to his customer experience. It is a country ditty titled, elegantly, "United Breaks Guitars," which by Friday had generated 1.5 million YouTube hits in three days. That's because the tune is catchy, the video is clever and the lyrics are universal truth—universal not in the particulars but in the underlying corporate arrogance they depict:

*I've heard all your excuses  
and I've chased your wild geese  
and this attitude of yours I say must go.*

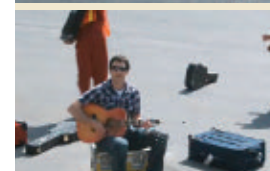
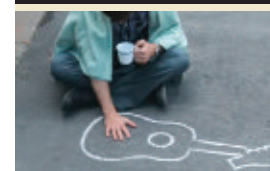
*United, United you broke my Taylor guitar.  
United, United some big help you are.  
You broke it, you should fix it.  
You're liable just admit it.  
I should have flown with someone else  
Or just have gone by car.  
Because United breaks guitars.*

Funnily enough, somewhere around the millionth YouTube hit, United underwent a miraculous change of heart and offered not only to make Dave Carroll whole but to re-imagine its customer-service apparatus.

It'd better hurry. Carroll has two more United videos on the way.

## REVIEW: 'UNITED BREAKS GUITARS'

★★★★★



## More on AdAge.com

■ Need a daily dose of cynicism? Read Bob's blog at [ADAGE.COM](http://ADAGE.COM)



More online



■ Creativity-Online.com has all the features of AdCritic.com but with added creative profiles, videos that go behind the work and regularly updated news.

# WORK OF THE WEEK

Edited by Teresa Iezzi, [tiezzi@creativity-online.com](mailto:tiezzi@creativity-online.com)

Send us your picks

Submit your choices for outstanding TV, print and interactive ads to Teresa Iezzi, Editor, Creativity, 711 Third Ave., New York, N.Y. 10017 or e-mail [tiezzi@creativity-online.com](mailto:tiezzi@creativity-online.com).

## CREATIVITY TOP FIVE

This week's episode of Creativity's Top Five features a new campaign by Levi's and Wieden & Kennedy, Portland, Ore., that uses the winning combo of Walt Whitman and prancing youths to sell jeans; AMV BBDO and director Tom Carty show how balanced The Economist can be with a new high-wire spot; Venables Bell & Partners and director Nicolai Fuglsig show us a different kind of fake landscape for Barclays; Penguin Books encourages kids to tell their own stories online with a new website; and the BBC brings poetry to the Glastonbury music festival via Twitter.



### BARCLAYS: 'FAKE'

VENABLES BELL & PARTNERS

Creative director: Paul Venables. Associate creative director: Tom Scharpf. Copywriter: Crockett Jeffers. Director of broadcast production: Craig Allen. Production company: MJZ. Director: Nicolai Fuglsig. Line producer: Emma Wilcockson. Editorial company: Final Cut. Editor: Rick Russell. Post-production: The Mill. Visual-effects supervisor: Angus Kneale. Senior CG artist: Ben Smith. Music company: Elias Arts. Composer: Dave Wittman. Sound design: 740 Sound Design.



### PENGUIN BOOKS: 'WE MAKE STORIES'



### LEVI'S: 'GO FORTH'

WIEDEN & KENNEDY, PORTLAND, ORE.

Executive creative directors: Mark Fitzloff, Susan Hoffman. Creative directors: Danielle Flagg, Tyler Whisnand. Copywriters: Julia Oh, Rudy Adler. Agency executive producer: Ben Grylewicz. Agency producer: Jeff Selis. Production company: Anonymous Content. Director: Cary Fukunaga. Executive producer: Danielle Peretz. Line producer: Joe Mandarino. Director of photography: Darren Lew. Editorial companies: Joint Editorial, Rock Paper Scissors. Editor: Elliot Graham. Visual-effects company: a52. Visual-effects supervisor: Pat Murphy. Sound mix: Eleven Sound. Poem: "America." Poet: Walt Whitman. Music artist: Final Fantasy. Song: "The CN Tower Belongs to the Dead."



### THE ECONOMIST: 'RED WIRES'

AMV BBDO

Director: Tom Carty



### BBC: 'GLASTOPOEM'

NITRO DIGITAL



AdvertisingAge's

# WOMEN TO WATCH

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President  
**Out-of-Home Video Advertising Bureau**

Sarah Armstrong  
Director-Worldwide Media  
and Communications Operations  
**The Coca-Cola Company**

Jill Beraud  
Worldwide CMO  
**PepsiCo**

Barbara Blangiardi  
SVP, Strategic Marketing  
**NBC Universal**

Esi Eggleston Bracey  
VP, General Manager, Cosmetics  
**Procter & Gamble**

Jessica Buttimer  
Marketing Director, GreenWorks  
**Clorox**

Jennifer Cisney  
Chief Blogger  
**Eastman Kodak Company**

Vida Cornelious  
VP, Creative Director  
**DDB**

Robin Domeniconi  
VP of U.S. Ad Sales  
**Microsoft**

Graciela Eleta  
Senior VP, Brand Solutions  
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**Crispin Porter + Bogusky**

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VP, Global Advertising and Design  
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**Prevention**

Jill Nykoliati  
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Danya Proud  
Senior Manager, U.S. Media Relations  
**McDonald's USA**

Martine Reardon  
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Andrea Kerr Redniss  
SVP, Managing Director  
**Optimedia**

Sheryl Sandberg  
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Elisa Steele  
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Sources (all data is U.S. only):

(1) TV Viewers (Avg monthly, Jan'09 – May'09) - Npower, Most Current Viewing, 6 min qualifier, 75% Unification, monthly average based on NHI defined months (12/29/08-05/31/09), does not include HLN, data based on P2+ (2&3) Online Usage from Nielsen NetView (4) Total Minutes (Avg monthly, Jan'09 – May '09) - Nielsen NetView Home/Work Panel, CNN Digital Network: News & Information Category (5) Video Streams (Avg monthly, Jan'09 – May '09) - Nielsen VideoCensus Home/Work Panel, CNN Digital Network: News & Information Category (6) Mobile Web Users (Avg monthly, Jan'09 – April'09) – Nielsen Mobile, Base: P13+ who are wireless data subscribers, data based on CNN Digital Network, ranker includes news and politics sites (7, 8, 9) Mobile TV, Audio & Video Podcast Users - Nielsen Online MegaPanel: Digital Media Consumption Study, Sponsored by CNN Digital (10/8/08 – 11/12/08), data based on P18+

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