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DIGITAL
IN A DOWNTURN:
SMART STRATEGIES
FOR TOUGH TIMES

Ogilvy North America

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Digital in a Downturn: Smart Strategies for Tough Times

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INTRODUCTION

“It is not the strong, nor the intelligent, who survive, but those who are quickest to adapt.”
Charles Darwin

This isn't the first recession we've seen and survived. But what is different this time around is the incredible array of cost-effective and measurable digital approaches available that have the potential to deliver better ROIs for savvy marketers.

Investment in digital allows marketers to engage with massive audiences, optimize marketing initiatives in real time, and easily test and scale digital initiatives according to their company's needs. By leveraging digital technology, marketers can target individuals and engage them with compelling brand experiences. And all this can often be achieved at the expense of competitors, who may not realize that consumers today want to have a relationship and a dialogue with their brands.

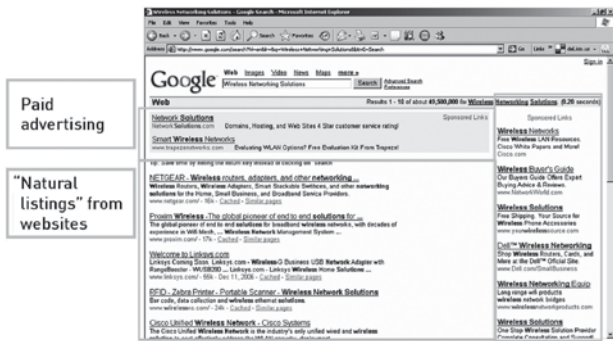
In this paper, we will take an inside view of five digital tactics that have proven their effectiveness and delivered cost efficiencies. These smart digital marketing options are ideal for any time, but are particularly important to consider now that times are tough.

- Doing More with Less: A Point of View on Marketing in a Recession
- Optimizing Production Expenditure and Creative Assets
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These booklets are available on www.ogilvyonrecession.com

1. SEARCH ENGINE MARKETING/SEARCH ENGINE OPTIMIZATION

Advertisers worldwide believe that paid placement and organic search engine optimization (SEO) yield the best return on investment of all media, both online and offline.



In the hierarchy of media targetability, search is #1 because it connects consumers' needs with products and services. It is the equivalent of a ringing phone—the consumer is calling, and it is up to the marketer to answer. That's where paid placement and organic search play a vital role.

There are a few techniques marketers can use to make sure they are reaching their full potential with their search engine marketing (SEM) and SEO efforts:

- Optimize websites' likelihood to show up in organic search results by using a process called "intent mapping." This process identifies the types of keywords searchers are using that are relevant to a brand and its products. By analyzing the most frequently searched terms, marketers can figure out what content a site needs and optimize the site

through content creation (text, tools or widgets that include these terms), site nomenclature, copywriting, page titling and metatagging.

- Consider buying "long-tail terms"—words that are less common, but much cheaper—instead of the most popular and expensive keywords. More obscure terms often can generate more leads for less money.
- Incorporate utilities that make it easy for consumers to share content, which in turn will increase the search ranking of their sites. Marketers can create content feeds that distribute timely news, posts and product updates, in an RSS format, that contain links back to the site. Anyone picking up those feeds will be distributing the brand's content around the web, which will help increase search rankings. Brands can participate in relevant discussions beyond the site and link back to the site.
- Talk to PR leads about incorporating links to the site through press releases. Distributing press releases with links to a brand's website will expose the links to search engine crawlers, particularly when the press release appears on high-profile sites like Yahoo! News. Increasing the number of links a brand has to its website, and the volume of clicks to the site, will improve the site's search engine rankings.

2. EMAIL

Email marketing today utilizes sophisticated viral video and heat mapping techniques to supercharge results and ensure impact—making it a highly efficient strategy, especially in a downturn. A recent MarketingSherpa poll from October 2008 revealed that 48% of marketers would be looking to invest more in their customer email marketing in this difficult market. Cheaper and faster to market than direct mail and more targeted than print, email offers marketers a great place to engage in real-time testing and experimentation while driving revenue and transactions.

Here are some specific recommendations to leverage the potential of email marketing:

- Go beyond promotional messaging. Most companies send all types of messaging to their customers, from billing to account updates to customer service notifications. These messages represent huge areas of growth for marketers. Historically, these messages have much higher engagement metrics than standard promotional email programs, allowing marketers to place offers very close to relevant information such as purchase confirmations and receipts, shipping confirmations and billing statements. Despite these clear benefits, many marketers still fail to leverage transactional messages as part of a comprehensive email program, missing a huge opportunity to reach consumers when they are more engaged.
- Do not overlook the importance of creativity in email. Ogilvy has had great success with integrating video into email campaigns, with excellent results. *BtoB* magazine (12/8/08) profiled a viral email campaign the agency created for IBM's new software platform that integrated video emails featuring a programmer lost in space, "Mr. Fong." This program leveraged social networking and a dynamic microsite.



The email provided several hooks to capture recipients' interest and maximize their engagement. From the subject line to the body copy and interactive creative (video), the email delivered an attention-worthy environment, with the promise of an exciting/unusual adventure just a click away. The email open rate and click-through rate for the effort were considerably higher than the industry average.

- Don't forget to do the basics. There are many tools available for marketers to use to optimize their email programs. Basic active/inactive segmentation is a great place to start. Segmenting by channel engagement (email metrics, browsing, online transactions) allows for greater relevance and preferred cadence for customers. Further, heat mapping or eye tracking research allows email templates to work harder to increase response—in some recent tests by as much as 65%. Results of this magnitude, applied in scale, make email a key digital driver for your business.

3. CONTENT AND VIDEO DISTRIBUTION

In 2006, the release of *Evolution*, an online video created for Dove, unleashed the full potential of viral marketing for the brand. According to *Advertising Age* magazine, this video delivered better results than a Super Bowl commercial!



There is no better time for marketers to benefit from the increasing shift to online video. Online videos are an effective way to communicate marketing messages to audiences at a potentially low cost. There are 11.4 billion online video views per month, which reach 75% of the online U.S. audience, according to comScore. Online video also has the potential to be produced for considerably lower production budgets compared to the average TV commercial costs.

With the ever-increasing consumption of online video, video distribution provides a cost-effective means to reach a large audience. Some specific recommendations follow:

- One key to success with video lies in the distinction between the terms “distributed” and “viral.” “Viral” is a desired outcome, not a strategy, and “viral video” development is a hit-or-miss proposition, with far more misses than hits. A “distributed” strategy focuses on ubiquity by placing the clips on video-sharing sites and other free hosting solutions, accompanied by well-crafted metadata. Success comes in terms of search engine optimization (SEO) value, audience reach and visibility. A viral lift could grow out of any of these clips (11%–18% of online video viewers shared video ads with others), assuming that the quality of content provides users with “reasons to care” and “reasons to share.” This distribution approach may be considered as addressing the “plumbing,” in that marketers can get content distributed broadly and easily because the necessary reformatting, tagging and distribution process can be automated using proprietary tools. This plumbing is the foundation of an effective influencer strategy, and significantly increases the possibility of a viral effect.
- Consider specific strategies related to post-play interaction (PPI). Having your target audience view your video content is obviously a desired goal of an online video campaign, but most campaigns would benefit from encouraging viewers to continue to engage with the brand after viewing the video content, and perhaps sharing it with others. This PPI activity can take many forms, such as viewing more brand-related video content, visiting the brand’s website to learn more, installing a brand-related widget or application, conducting an Internet search for a brand-related keyword, downloading brand-related content or purchasing a product.
- The Internet can be used to share other forms of content to help drive engagement with a brand. Content such as podcasts, social network applications, desktop widgets or games encourage audience interaction and sharing because of their utilitarian or

entertaining qualities. Marketers must ensure that this content is useful and novel in order to avoid burnout on the part of the consumer.

- Allow audiences to modify and create their own content (customer reviews, user-generated content). This helps customers bond more deeply with the brand, because they are able to interpret the brand in their own way. Allowing user-generated content also promotes distribution by giving users a level of ownership over the content they are sharing.
- Enable social bookmarking of content. Using social bookmarks, users can save and aggregate articles and information they find on the web. Tagged content can be shared with people with similar interests through sites that aggregate bookmarked content, like Digg, del.icio.us and Technorati.
- Syndicate content by using partnerships or media buys to ensure brand-related content is present in the media that the target audience consumes. These different partnerships make content more portable, so marketers can be less dependent on their own websites and can encourage users to engage with and share the brand-related content they like with friends.

4. MOBILE MARKETING

Since many marketers have not yet adopted mobile as part of their channel mix, the recession offers a unique opportunity to take advantage of this medium and gain a competitive edge.

Mobile Internet subscriptions are up 32% year over year in the U.S. Today, subscribers send more text messages (SMS) than make phone calls. Nielsen reports that more than half (57%) of the population texts on a regular basis and that the average number of text messages a typical subscriber sends per month is up 107% year over year. The continued expansion of unlimited text message packages and the increasing use of text messaging for search and mobile marketing will help grow this medium overall and expand the universe of users.

Mobile marketing provides quantifiable results with shorter turnaround and lower overhead than its more traditional mass-media counterparts. Fifty-one percent of mobile users who encounter an SMS advertisement respond in some way, and the mobile web has an average click-through rate of 2.0% (compared to 0.20% online), according to Nielsen. In 2009, marketers should explore SMS response programs that are integrated with traditional channels (to increase the value of traditional media channels), location-based advertising (targeting users at the right place and time) and mobile couponing (due to an overall increase in coupon consumption and the efficiencies of delivering mobile versus paper coupons).

Below are some recommendations for effective mobile marketing programs:

- Ask consumers for permission to market to them through a quick and easy opt-in and opt-out process. Additionally, marketers should make sure their mobile program is accessible to the majority of mobile phone subscribers. For example, marketers will have better results with a text messaging program that reaches the majority of mobile phone subscribers who regularly use their cell phones for text messaging, rather than with a mobile video program, given low adoption rates of mobile video.
- Mobile content offers the ideal complement to a mobile program. Ringtones, images, wallpapers and games have a strong appeal among the youth demographic and are an important element for providing an incentive to participate in a mobile marketing program. “Time-sensitive” or “need-sensitive” content can be effective as well. For example, Ogilvy developed a mobile program for Kraft called “Recipes on the Go!,” which delivered recipes based on the users’ self-identified time and dietary preferences, and gave them access to Kraft’s recipe database on the go. Fifty-six percent of consumers who opted in prepared at least one recipe using this program, driving a substantial ROI for the program.
- In this economy, consumers are looking for more deals and discounts, so consider offering mobile coupon redemptions.

5. SOCIAL MEDIA

Social media platforms such as communities, social networking sites and digital word-of-mouth marketing did not exist during past recessions, and now introduce an exciting opportunity to reach large audiences at a low cost.

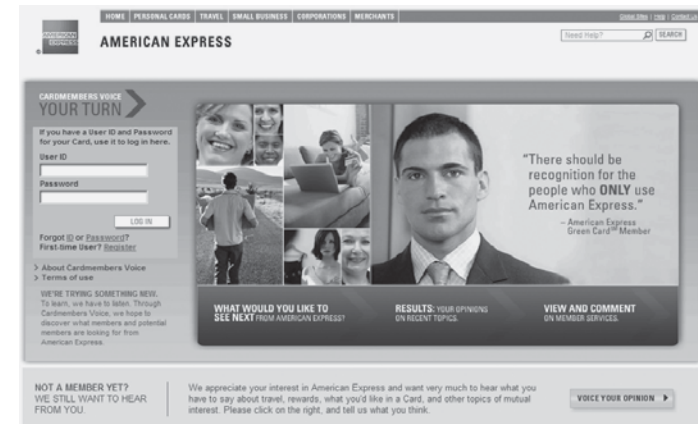
Developing a strategy to engage and leverage word-of-mouth influencers should be on all marketers’ “Must-Do List.”

- Studies show that when customers are exposed to a brand within MySpace, the ROI for exposure to and engagement with a branded page is at a similar level to the ROI achieved by television. When people start sharing brand information within their social networks—such as by encouraging friends to visit a brand’s page or providing links to the brand within their profile page—there has been a threefold increase in ROI. Known as the “momentum effect,” this behavior increases purchase intent and advocacy, as compared to television and online banner advertising.¹
- Encourage customers to tap into a customer community for product reviews. According to a global Nielsen survey of 26,486 Internet users in 47 markets, consumer recommendations are the most credible form of advertising for 78% of the study’s respondents. Consumer opinions posted online are considered the third-most-reliable online source, at 61% overall and 66% in North America. Access to product reviews can be particularly effective for reaching Generation X, consumers ages 30 to 49, who make up 46% of online shoppers. Gen Xers outpace all other generations in researching products for purchase, purchasing products, reading customer ratings and reviews,

¹Source: *Never Ending Friending: A Journey into Social Networking*, commissioned by Fox Interactive Media, Inc., Isobar and Carat USA. Research conducted by TNS, TRU and Marketing Evolution. Copyright 2007 Fox Interactive Media, Inc.

bidding and selling in online auctions, and in using comparison shopping sites. When marketers enable prospects to see reviews of a brand's products, they help drive preference for their brand and increase the likelihood of purchase.

- Tap into influential bloggers who help drive consumer purchase decisions. Marketers can take advantage of online conversation monitoring tools (such as Ogilvy's Listening Posts™) to identify who is talking about their brands, what the people are saying, the types of words they are using (which can be leveraged for search engine optimization), and who the most influential voices are. Marketers can then engage these "influencers" to get them involved with the brand.
- Build an online community of brand advocates. Brands like Intuit, Lego, American Express (www.cardmembersvoice.com) and IBM (www.voicebp.com) have had great success involving customers in product development and in refining marketing programs by asking consumers what they want from the brand. Brand communities give the audience an easy way to provide feedback to the brand and also enable the brand to respond to customers' concerns and show that the brand cares, building a strong base of advocates who are motivated to get the word out about the brand. For example, American Express launched the Cardmembers Voice™ Program (www.cardmembersvoice.com) in early 2008—not as a destination or community site, but as a demonstration of commitment to the contribution of Cardmembers. To date, more than 20,000 Cardmembers have joined the program and have submitted more than 40,000 ideas, comments, and suggestions, which have led to the development of at least three new Cardmember Services.



- Micro-blogging² tools like Twitter are very cheap means to communicate with brand advocates who are interested in "following" the brand. Through free micro-blogging services, marketers can provide access to valuable content or promotions that advocates are likely to pass along to their friends and families. Marketers can also use these exchanges as opportunities to capture data, in order to deepen customer relationships. Offering an email capture, registration, RSS feed or micro-blog subscription is extremely prudent.

²Micro-blogs allow users to publish brief text updates (say, 140 characters or fewer) or multimedia, such as photos or audio clips, to be viewed either by anyone or by a restricted group chosen by the user. These micro-blog posts can be submitted by a variety of means, including text messaging, instant messaging, email, MP3, and the web.

CONCLUSION

These tough financial times provide more reason than ever for marketers to increase their investment in digital channels to drive cost-effective marketing efforts:

- Optimizing websites for organic search and purchasing more long-tail search terms can help produce even stronger search-marketing ROIs.
- Transactional and servicing messages in targeted email provide high-impact opportunities to reach audiences with relevant messages.
- Placing video clips on video-sharing sites and other free hosting solutions, accompanied by well-crafted metadata, can provide a cost-effective means to spread the brand message to the 75% of the online U.S. audience that views broadband video.
- Mobile couponing and SMS advertising provide ways to take advantage of people's cost-conscious attitudes, use of text messaging, and increasing use of mobile in general.
- Social media platforms provide low-cost solutions when marketers advertise on social networks, enable user reviews, initiate online influencer strategies and build online communities of brand advocates.

By shifting towards digital rather than cutting marketing dollars across the board, marketers can sustain the strength of their brands during the recession and see positive results in the long run.

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