

Marketing
With
Electronic Media Successfully

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Introduction

During the past ten years there has been increased interest and usage of various forms of direct response, electronic media applications. This report focuses on the objective facts related to this subject to present information marketers can use when making marketing communication media choices. This report is not intended to promote one media resource over another, but rather to provide information to make an objective decision when making electronic media distribution choices and to dispel common myths that may be associated with these media types.

Background

Electronic media has been in use for many years. Videocassettes were initially used to convey marketing-related information and video has been a staple in electronic marketing for over 15 years. The popularity of marketing with videocassettes continues to this day. DVD and CD-ROM's now join videocassettes to bring greater penetration and cost-effectiveness when compared to more traditional media, like print direct mail. Use of one or more of these electronic mediums in the marketing setting is often referred to as using e-media or e-mailings.

E-Media or e-mailing marketing has all been made possible with the high concentration of VCR's, computers, and DVD players in the home and the uniqueness of receiving this type of mailing. Research indicates that mailings of this type are played (not discarded) and sales response rates are

Background (cont.)

higher than traditional direct mail pieces. At the same time, production, duplication and delivery costs for these media format has decreased. For example, currently, a 10-minute DVD or CD-ROM can be replicated and mailed for less than a dollar. The result is a cost per impression that was comparable to print media with the added impact of motion and sound.

Report Objectives

The objective of this report was:

- To determine the advantages/benefits of users of electronic media marketing pieces when based on their intended purpose.
- To identify the parameters of a typical end user (people who would benefit from e-media marketing).
- To analyze the characteristics needed for a successful e-media piece.
- To determine size of the current and future marketing applications.

Applications Focus

This report concentrates primarily on three popular applications of e-media marketing they are:

- Promotional marketing
- Information and training
- General communications

Applications Focus (cont.)

To gain an accurate measure of effectiveness, only consumers were tracked as recipients of E-media for this report. These precipitants did not pay anything for the media pieces; they were a free direct e-media communication piece. Other viewer groups such as businesses, Learning institutions and government agencies were not evaluated because:

- The consumer audience is much larger and thus could provide more accurate information
- The user base is much greater for all three media under consideration (videocassette, CD-ROM and DVD - nearing 93% for some media formats).

Definition of Applications

Marketing

Promotional Marketing: An e-media or e-mailing to advertise, motivate and promote potential buyers to purchase products or obtain additional information. Typically, these are sent to consumers who respond to a print or broadcast media ad or are sent to a target, unsolicited group of consumers.

Premium Marketing: The use of an e-media piece (videocassette, CD-ROM or DVD) as a reward for purchasing a product or service.

Definition of Applications (cont.)

Information and Training

Inform, Train, and Educate: e-media pieces that are either packaged with or available after a product sale to demonstrate a product or to provide instruction in its use. Typical applications include; instruction videos, CD-ROM's and DVD's for auto operation, power tools and exercise equipment.

Constituency Communication

Member and Interested Publics: Media that is used to communicate information to special interest groups, association/organization members, shareholders and employees. Examples include information on environmental issues, pending legislation, annual reports and employee communications.

How and Why E-Media Works

The following are remarks by marketers for why they used e-media or e-mailings in their marketing strategies:

- Research indicates that 90% of all e-media received are watched.
- More than 85% of consumers watch/use their e-media the same day they receive it.
- 94% of e-mailings are watched with more than one person present.
- E-mailings are reliable, fast and usable when compared to slow and unpredictable in-home dial-up Internet access.
- E-mailings have a high “pass-along” rate- extending the viewing audience.

How and Why Video Works (cont.)

- 93% of homes have some type of VCR, computer or DVD player.
- Message retention increases by 50% with the sight and sound of e-media.
- Use of e-media in marketing is cost effective and has a favorable return on investment.
- Often it is cheaper to e-mailings to a precisely targeted audience than mass-market media.
- E-media of all types stand out from the clutter of traditional flat printed direct mail.
- A video, CD-ROM or DVD is often saved, unlike junk mail that is often thrown away before even being read.
- E-mailings capture response rates of 10 to 50 times that of print direct mail or broadcast.
- Using e-media stimulates and expedites the buying decision.
- E-media conveys a consistent and organized message geared to the viewer.
- Cost for producing, duplicating and distributing e-media and e-mailings has drastically declined.
- E-media pieces work 24/7 to market your product.

Characteristics of e-media and e-mailings that bought “extra value” To this type of marketing

Companies, organizations and associations that most benefited from the use of e-media mailings of either videocassettes, CD-ROM's or DVD's had the following similar media requirements:

1. They needed the impact of television and/or interactivity because of its image and its attraction to the viewer or its compatibility with the subject matter.

Characteristics of Videocassettes (cont.)

2. The subject matter required an actual demonstration often not conveniently available to the viewer/buyer. Such as a large machine, the latest car etc.
3. The user needed control over the delivery of the message/information – not mass distribution and uncertain consumption.
4. The need to cut through the clutter and to be noticed and differentiated from the competition.

Major Users Of Videocassettes, CD-ROM's or DVD's for: Marketing, Training & Communications

Acuson Lenses	Golf Digest	Roche Pharmaceuticals
Air France	Honeywell	St. Mary's College
Bank One	Infiniti	Saab Cars USA
Bekins Van Lines	Interscope Records	Select Comfort
BMW	Jagar	Soloflex
Boeing	KPMG Peat Marwick	Sony
CAPCOM	Lego Systems, Inc.	Stanley Tools
CBS Television	Lexus	Steamboat Ski Resort
Cadillac	Major League Baseball	Taylor Made Golf Clubs
Chevrolet	McDonald's	Thermo Spas
Citicorp	McDonnell Douglas	Volvo
Compaq/HP	Mercedes-Benz	VW of Americ
Continental Airlines	Minnesota Orchestra	Walt Disney Resort
Disney	Nintendo of America	Warner Bros.
DKNY	Nissan	Waterford Wedgewood
Estee Lauder	Oldsmobile	World Wildlife fund
Ford	Penn State	Yamaha Snowmobiles
Frutopia	The Plantation at Leesburg	Xerox
General Electric	Proctor & Gamble	

Steps in Creating a Successful Marketing E-media Marketing Piece

There are really four steps involved in creating an e-media marketing piece; producing the video and/or interactivity segment/s, duplication, distribution and tracking results. Many companies who want their project to be handled by one company, start-to-finish, choose a company like Precision Powerhouse that create content for all media formats (videocassette, CD-ROM and DVD) and can also manufacture and distribute all within the same facility. This often saves money and maintains accountability throughout the project.

Other companies choose to use individual suppliers. In either case, the same steps are required. It should be noted that one additional step should always be determined. That is the decision on media type and target audience. While not discussed here both should be determined before your project starts.

Creation/Production

If you do not have adequate in-house facilities for producing the video, interactive and authoring steps, it is important to secure reliable, cost-effective production and post-production facilities to get these done. The staff should assist you with creating the message (script, visuals etc.), providing the crew, director and talent for your program and then putting the

pieces together in post-production editing (as is the case with video segments) or programming (CD-ROM) or Authoring DVD). After

Steps in Creating a Successful Marketing Video (cont.)

approval, the master will be duplicated (in the case of videocassettes) or replicated (CD-ROM or DVD's)

Duplication/Replication: (Manufacturing)

While this phase often is viewed as a commodity, there are many quality steps and client decisions to be made. For instance, reputable duplicator or replicator

will quality check each master. They will also confer with the client on duplication/replication modes. In the case of videocassette questions and recommendations regarding choices like: real time or high speed, standard speed or extended, type of cassette shells used (i.e. regular, custom printed, colored etc.) and will determine videocassette labeling/printing.

For CD-ROM' and DVD's the choice of duplicated verses pressed-discs using high quality glass masters come into play. Also under consideration is how the on-disc label will be printed (this includes printing methods and file types). These are decisions that a reputable e-media company can and should assist you with. This is why price may be a factor in selecting a supplier, but it should not be the only factor when selecting a supplier. The correct decision up front can save budget dollars throughout your project.

Packaging/fulfillment

After duplication/replication and quality check, direct e-mailings are typically packaged in an attractive, eye-catching package. Often with the actual e-media piece, printed material is included to add another element to the effectiveness of the marketing effort. From a packaging standpoint, marketers have opportunities to try unique print and packing schemes. Research has shown that a stimulating box or package combined with an e-media piece ensures viewing within 1-3 days. And because the total package is viewed as something of value, re-viewing and “pass-alongs” to additional viewers is possible.

Distribution

After duplication/replication and packaging, full-service e-media companies will handle the distribution of the material. Services offered include: list management, label generation, 800 numbers, pick and pack, direct-to consumer drop-ship, product warehousing. E-media companies that deal with direct mail know the importance of date/time sensitivity and will want to know the objective of your marketing effort to assist in any way.

Tracking:

A fifth step involves tracking the success of the e-media marketing effort. This can be done in a number of ways including: special inbound 800/888 numbers and bounce-back cards. This information is most effective when linked directly to a campaign and compared to other forms of media. It also

provides vital information for tracking cost/benefit and ROI data as it relates to the campaign.

Response Rates

Here is a sampling of companies using various types of e-media in their marketing campaigns and their response rates:

Bekins Van Lines

Use of video-related programming resulted in a 85% conversion rate among recipients of this type of media – 50% of the non-buyers passed the tape on to qualified buyers

Blockbuster Video

Response rate of 17.5% to 23.5% - 700% better than previous print campaign

Dupont/CC Carpet

Return on investment of \$28 for every \$1 spent on electronic media

EZPaint

98% of recipients logged on web site –11% purchased product

Firecom

Conversion rate of 17% and 1200% ROI

Jaguar's XJ Series

Increase in sales of 10%

Marvin Windows

A 250% improvement in response rate when compared with print

Minnesota Orchestra

18.8% of videocassette recipients became subscribers

Response Rates (cont.)

Oldsmobile

18% of people receiving videos went to dealer for test-drive – resulting in 700 sales

PetsMart

Tracked 10 – 14% response rate

Select Comfort

20% of video/DVD recipients bought product

Smith Food & Drug

Reported 30% response rate

Soloflex

40% of those that received video-related media bought

Xerox

Received a 12-14% response rate

Zoecon Corporation

Reported a 29% response rate using an electronic media

Case Studies

The following are case studies highlighting companies that have successfully used some form of electronic marketing as a selling tool. Each study has been examined based on five criteria. They are:

- Product/service marketed: What the marketer is trying to sell or information they are trying to deliver or convey.
- Audience: The end viewer, the person buying, learning and getting information.
- Challenge: The obstacles that had to be overcome to achieve the required results
- Strategy: The concept created based on the objective of the campaign and the plan implemented to achieve this communication objective.
- Results: A record of what was achieved and how that contributed to the betterment of the company.

Case Study 1

Market: Automotive

Company: Lincoln Mercury

Product/Service Marketed: Lincoln Navigator and other Lincoln Mercury automobiles.

Audience: Consumers – direct mail

Case Studies (cont.)

Challenges: Reaching audience enticing them to return a reply card or call for free video.

Strategy: Produce a 5-minute promotional video highlighting current line of vehicles. Sent out brochure and reply card offering free video. All within a six month period.

Results: 167,000 videos were sent. Respondents went on to buy 9,178 vehicles. A 17% response rate.

Case Study 2

Market: Home Furniture/Bedding

Company: Select Comfort, Inc.

Product/Service Marketed: Select Comfort & Sleep Number Sleep Systems.

Audience: Consumers – direct mail

Challenges: persuade viewers to order and take the 90-day trial offer.

Strategy: Provide a program, distributed in either video or DVD that shows the advantages of the Select Comfort Sleep System. And through this

experience increase the interest to the point of calling for a trial of the system.

Results: Somewhere between 15 to 20 percent of those that watched the program will end up buying the product. Since 1992, sales have increased 5 times through using direct mail, with electronic media.

Case Studies (cont.)

Case Study 3

Market: Consumer sports

Company: Callaway Sports Equipment

Product/Service Marketed: Body Balance for Performance, fitness and performance training for golfers.

Audience: Golfers

Challenges: Initially used to communicate the missing ingredient in their golf game; physical conditioning and the philosophies of Paul Callaway to hundreds of golf enthusiasts throughout the country and demonstrate and convey the message in the most cost-effective way.

Strategy: Produce a 17minute video in an interview-style format. The video ends with a “call-to-action”, 800-number or Internet log-in opportunity. The video was distributed through an initial response list created from a direct mail survey.

Results: The company reported a 25% increase in customer inquiries via the toll-free number and web site.

Case Studies (cont.)

Case Study 4

Market: Leisure time/hospitality

Company: Mountaineer Racetrack and Gaming Resort

Product/Service Marketed: Gaming and resort facilities.

Audience: Consumers – direct mail

Challenges: To build initial awareness of the leisure, gaming activities and hospitality available at Mountaineer. To select a medium that would show the facilities portray a feeling of fun and persuade future customers to visit.

Strategy: Edit an existing infomercial down to a 5-minute promotional video. The edited program was then duplicated, packaged in an attractive and enticing box and then sent to a demographically and geographically qualified list of consumers. To track results, a special was offered if videos were returned at the time of booking.

Results: The resort experienced a 67% tape return and in the months following the promotion the resort was booked 75-100% of the time.

Case Studies (cont.)

Case Study 5

Market: Health Care

Company: Derma Genesis

Product/Service Marketed: Particle skin resurfacing equipment

Audience: Surgeons, dermatologists and their patients

Challenges: Creating an interesting, information-packed program that would hold the attention of two distinctly different audiences: Medical doctors and potential patients. One group needing information on medical equipment and process, the other needing information on the process and the benefits. Also, the video needed to play to international market segments.

Strategy: Produce a high quality video and use super model and spokesperson, Kim Alexis (also a patient). Highlight Kim's positive experiences with the system, procedures and products. Also interview others about their life-changing experiences with the Derma Geneses

products. Send directly to doctors and make copies available to their patients and potential patients. Design program so that it can be used for other purposes (i.e. infomercial, TV spots and even web site use.

Results: Use of video resulted in a 30% increase in sales, a greater reach into international markets. As planned, the footage was re-used for other programs-thus increasing the total return on investment.

Case Studies (cont.)

Case Study 6

Company: PetsMart

Product/Service Marketed: Pet food, supplies and services

Audience: Potential consumers

Challenges: Was initially used to increase traffic in stores by conveying the “PetsMart experience” to potential customers in the comfort of their own homes and making it so compelling that they have to shop there.

Strategy: Produce a 6-minute video and direct mail it to 3,000 pet owners in their surrounding store area. Offer the cassette as a coupon that could be redeemed for products and services. This would track response.

Results: Response exceeded expectations with a 10-15% return rate. It has been so successful, video is used to launch all new stores.

Case Study 7

Company: Penn State University

Product/Service Marketed: College education

Case Studies (cont.)

Audience: Potential students and their families

Challenges: To convey the school and campus visit for those that live to far away. To build awareness of Penn State with high school guidance counselors and assist them with the acceptance process.

Strategy: Use video to present the school and its facilities in an inviting way. Also show students benefiting from the Penn State experience.

Results: Tracked a 10-20% increase in applications, especially from distant areas.

Conclusions

Information throughout this report points to the following conclusions based on the applications that use videocassettes, CD-ROM's and DVD's used for marketing, training/information and communication:

- To be effective in developing high response rates electronic media mailings need to be viewed by the recipient as valuable, special and

something that should be kept. Typically this is achieved by quality programming or attractive packaging.

- Electronic media mailings have been found to be nearly equal in cost to traditional print media

Conclusions (cont.)

- Use of electronic media provides greater information than traditional print media especially when motion, sound and image exceeds their dimensions.
- VCR, computer and DVD player accessibility can provide more than a 93% penetration – often higher than the reading standards within a household.

For marketers considering or utilizing electronic media mailings as part of their marketing mix, the findings indicate that this technology can and is a viable business and marketing too. It is hoped that this and other research will demonstrate the power and effectiveness of e-media marketing approaches. The use of Videocassettes, CD-ROM and DVD's are and continue to serve as, important marketing tools.

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