

DIGITAL

IN A DOWNTURN: SMART STRATEGIES FOR TOUGH TIMES

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Digital in a Downturn: Smart Strategies for Tough Times

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

Charles Darwin

Digital in a Downturn: Smart Strategies for Tough Times

Virtually all businesses today are considering how they will manage through the global financial crisis. Many companies turn to cost cutting as the (seemingly) only viable strategy. This, in turn, often triggers a reassessment of how they are using their funds in a variety of areas, including marketing and communications. Perhaps your company is doing this right now, too — or will need to do so in the coming months.

Some companies decide to simply do less of what they have been doing. Others, however, choose to shift to new strategies or consider new marketing and sales demand generation options — particularly if the change of funding makes old ways less viable.

In this booklet, we focus on a variety of smart digital marketing options that are ideal for anytime, but particularly important to consider now that times are tough. For ease of use, we've arranged these options into four topic areas. Plus, at the end of this booklet, you'll find some simple Planning Steps regarding how we can help you assess what digital options might be right for you. Ogilvy also offers practical advice on other potential pain/gain points in your company, including:

- Optimising the marketing budget in recession
- How to get more effective advertising
- The new PR — leveraging digital influence to drive sales and reputation
- Turning shoppers into buyers
- Improving sales force performance
- Optimising production expenditure and creative assets

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THE DIGITAL MARKETING DIFFERENCES

There are digital options at your disposal today that simply didn't exist in previous downturns. In fact, just within the past couple of years, a number of new channels, media properties, and techniques have emerged. So the starting point is to be aware of and consider some of the newer options. We know there can be concerns about trying new things, especially when you're on the line to produce results. However, in these tough times, digital options are important because of the superior differences digital offers versus many other options:

Low/No Threshold Levels:

Some traditional media only make sense if you have sufficient funds to run the media enough times to reach a certain "threshold" level. You also need enough funds so the production-to-media expenditure ratio stays sufficiently low. However, some digital options — such as search marketing — can be used at virtually any scale and budget; effectiveness is not dependent upon threshold levels. Search terms, which generate leads to your site, can be bought as single words or thousands of words. They can be bought for a day, a week, a month or whatever intervals you choose. They can be bought immediately around key events or special promotions. Even small businesses can buy search terms. And the key is that you only pay for results (when someone clicks on to your site). So there is a direct correlation of spend and return, with no production costs involved.

Viral marketing is another area that can be done at very low budget thresholds. In fact, the key benefit of viral marketing (the pass-on effect through digital channels) is that it happens at no cost. Rather than purchase media, you send material to key consumers, or "seed" it into various online locations, then let consumers do the work of passing it on. Obviously, you need the right type of material to interest consumers. But that needn't be expensive. In fact, some marketers simply re-purpose existing communications material, and others create cost-effective web-only content.

Pay-for-Performance Pricing:

As already noted, some digital media options are priced on pay-for-performance bases. This is the case for more digital "display" media options. Pay-for-performance means you only pay when a user takes a desired action. However, a variety of "pay-for-performance" metrics can be used, including click-to-register and click-to-purchase. This means you can be even more precise in determining what specific consumer actions you are willing to pay for. What could be better for tough times when every dollar truly counts? If you're not familiar with the range of options available, please ask us.

Performance Media

Some companies are seeing double-digit gains in efficiency by using performance media, particularly when it's tied to cost-per-action payment, such as paying only when a consumer registers.

- Generates Useful Consumer Data and Feedback: The next digital difference to note is the benefit of digital channels relative to data and interactivity. Data is both the fuel and the byproduct of digital marketing. It is the “fuel” because you generally need some data (email or website addresses, opt-in permission, etc.) to enable your digital marketing efforts, such as sending out emails. Most companies these days already have some of that data.

At the same time, every interaction with consumers generates data; it is the natural byproduct of digital marketing. As noted in the previous point, a lot of this data (on site traffic, etc.) can be used for measuring and improving your digital marketing.

Digital marketing can also generate a great deal of personal user data that has value. In fact, this is data that often costs money when it comes from third-party sources. So smart activities can yield real benefits. Beyond user data, you can also gather user opinions, views and insights. This is another area (covered further under “Doing More with Less” below) that can be a great way to stretch a limited budget.

- Allows for Easy Cross-Channel Use: A further difference in digital is that digitised content, messaging and advertising can be “ported” from one type of device to another. This allows you to potentially use a variety of channels in combination/coordination, while retaining a key thread of data and content with consumers. This also allows you to quickly and cost-effectively use content across a variety of digital devices.
- Fills A Potential Competitive Vacuum: Lastly, since certain things in digital marketing are relatively new, your competition may be unaware of — and simply not present in — certain digital channels. For example, they may be unaware of influential blogs that your consumers/customers visit regularly, and which shape their opinions about your products and product category. Or they may not be familiar with what you can achieve with widgets (covered under “Quick and Easy Strategies”). By striking some form of deal with blogs, you can potentially gain very cost-effective exposure. Rather than fight competitors for share of voice, you can exploit their absence in digital channels.

These points touch upon some of the distinguishing benefits of digital channels. Next, we will expand upon some of these points, plus add some new ones, with a focus on some fast, effective digital options.

FAST AND EFFECTIVE DIGITAL OPTIONS

When times are tough, it becomes especially important to have flexibility in your marketing. This can be for a variety of reasons. First, as budgets become more phased, you may not be in a position to make commitments a long time in advance. Second, you may wish to hold certain funds in reserve, leaving you with only short lead times available before you deploy campaigns. Third, as competitors blunder or stumble, you may wish to act quickly to exploit unforeseen opportunities; in a downturn, every competitor's mistake can be of value to you.

For these and other reasons, it's important to note that there are a number of things you can do using digital channels that are comparatively cheap and fast to produce and deploy. Here are a few things you can consider:

- Run Targeted Email Campaigns: When you need to quickly generate demand, perhaps for special offers, consider targeted email campaigns, sometimes referred to as electronic direct mail (eDM). Chances are you already do email because of the cost efficiency and ease of delivery. However, with some simple, better planning, and some decent segmentation information, you can run smaller, more targeted email campaigns with click-to-call or click-to-register functionality to get leads fast.
- Develop Drive-to-Sales Tactics: Extending from the previous point, you can use email to deliver specific drive-to-sales offers. This might be simple promotions, delivered quickly to relevant segments of your database. Or it might involve digital coupons that can be sent to mobile phones, then used to support a tactical promotion, perhaps when your competition has stumbled.

Digital Does Drive Sales

Digital channels can indeed drive sales. One mobile phone handset company in Asia saw 50% of sales coming directly from digital, while only 21% of their marketing money for the phone model actually went to digital channels

- Use Video Distribution Sites: This has already been noted, but worth repeating in this section. Video distribution can happen quickly and at virtually no cost. However, you need a strategy in place.
- Consider Internet Sponsorships: When budgets are tight, you might not be able to afford the big name sponsorships. However, all is not lost. There are many smaller properties, at dramatically lower costs, that you can consider. You might need a few of these to achieve the reach you desire. However, the overall efficiency might be better. Plus, unlike some big name events, some of these smaller events can be secured on tighter timeframes.

- Consider Internet Microstars: Another thing that might be under pressure with tighter budgets is big name star endorsements. If you can still afford those endorsers, you might consider how to cost-effectively extend the relationship further using digital channels. However, if you can't, there are still other options. One option is to identify "Internet microstars" — ordinary people who are reaching large audiences via their blogs, personal websites or through other digital means. Yes, these people do exist; there are more and more people who run popular blogs, particularly around focused topics or with specific audiences. You might know of some of these people or you might find some of these people by using web searches. However you find them, you can consider cost-effective ways to work with them to leverage their relationship with their audience (provided it matches your brand's needs). These negotiations can potentially happen very quickly.

Microstars Can Mean Mega Exposure

A great example of how effective microstars can be comes from China, where one of the large, international mobile phone manufacturers used two microstar college students from Guangzhou to create a viral video that was seen by over 11 million consumers in China, and helped drive the sales success of the phone model featured in the viral video.

- Use Affiliate Marketing: Affiliate marketing is another technique to consider when you want fast, efficient activity. In affiliate marketing, another advertiser posts your material on their (existing) website. When people click onto your site from theirs, you pay them an agreed amount per lead, just as you do with search terms. Software can manage this transaction, so this relationship — of multiple relationships — can be managed efficiently. Simple, existing material can be used in affiliate marketing.
- Work with Non-Competitive Partners: Another angle to consider is to work with non-competing — but brand relevant — partners. When times are tough, pooling resources with others for joint activities, such as joint online research or joint promotions, can help you extend your budget. Plus, they might have existing digital content or plans which you can quickly "piggyback" on. Perhaps your company is already working with others in this manner, or currently shares data and information. If not, you can identify and approach a shortlist of likely partners with whom you can discuss joint activities.

- Create Low-Cost Widgets: Another fast, effective digital technique that is too often overlooked by companies is the use of widgets. Widgets are small applications that might sit on your desktop or in your Facebook page. Widgets generally serve simple, single functions, such as reporting a piece of daily news or telling you the weather forecast without having to go to a website to get that piece of information. Widgets can be used very effectively by brands. A great example of this is a daily, local area weather widget created by a pet food company for dog owners who walk their dogs. Widgets often spread virally (i.e. at no cost) and are relatively cheap, fast and easy to produce.

Widgets Can Create Regular Brand Connections

Widgets aren't just for fun; they can be a highly effective way to stay connected with consumers in a highly brand relevant way. An example of this is a pet food company that created a desktop widget that enabled people to check the local area weather forecast each day before walking their dogs. This simple, cost-effective connection can reach thousands of consumers and keep you regularly at their top-of-mind when other advertising is cut back.

DOING MORE WITH LESS

Everyone wants to do more with less, so you may wonder if this is really possible. The answer is a resounding “Yes”! Here are some smart strategies to consider that will help you enjoy greater impact with the same — or less — marketing funds:

- Leverage “Free” Exposure on the Web: Yes, it can be free. Video sharing sites have proliferated on the web. These sites, such as YouTube, carry a wide variety of brand and consumer-generated videos. Many of these are watched by extensive online audiences. This provides you with “free reach”, since you don't have to purchase the space. And since this content sits on their site, not yours, it relieves you from the worries and costs associated with the servers and bandwidth required when a large number of consumers access your website. Although this is one of the best deals going, some companies still aren't fully exploiting this option and fail to have a video distribution strategy for their brand content.
- Leverage Social Networking Sites: Social networks, such as Facebook, and a variety of other-language equivalents, are now also aggregating large audiences. These sites present the potential for brands to cost-effectively reach very large audiences, often with little/no costs associated. In marketing through social networks, you can possibly re-purpose or produce very low-cost communications material. As with video distribution, penetrating social networks requires a clear strategy.

- **Optimise Your Email:** Another low-cost option is to simply ensure that the emails you are already sending out actually get to the people they are intended to reach. This can be fixed by analysing your email to ensure that they are configured properly to get through. You can go further by using technology (called “Heat Mapping”) that measures what portions of email layouts people actually notice. Those layouts can then be optimised, which yields better results. In the end, the cost to do these analyses and make improvements is more than recouped by improved response rates.

Small Improvements Can Lead to Big Gains

As surprising as it sounds, up to 25% of email sent by corporations don't reach the intended recipient. Yes, that's not a typo; a large number of emails aren't constructed properly to get through spam filters or to “render” (show up on screen) as they are intended to. In some cases, optimising email has led to a 70% performance in business response results.

- **Optimise Your Other Digital Assets:** Another way to do more for less is to fix anything that doesn't work on your website or other digital assets (such as a WAP or i-mode site). This is not to imply that your site doesn't work, though there might be areas that don't function or that simply don't function well. A classic example of this is web material that takes too long to load. Lots of research has shown that there's a limit to people's willingness to wait for digital material to load, after which there's a steep drop off as annoyed consumers click away. But by simply improving your site's loading time, you could get more people to see your digital material and offers. There are a variety of other site optimisations that can be conducted as well.

- **Negotiate for More Digital Rights:** In many cases, companies use a mix of traditional and digital media channels. However, they fail to leverage the two for maximum benefit. You can do more with less by using your website to highlight material — for example, the breaking of a new TVC. Also, with just a bit of forethought and planning, you might secure digital distribution rights when you shoot TV or print material. Also, while you're in the studio for the shoot, you might be able to capture other video pieces — such as behind-the-scenes footage, video greetings from star endorsers, short video teaser shots, etc. — that can later be deployed on your website, mobile site or on video distribution sites. Again, this can help you generate more awareness and impact with little or no additional marketing funds.
- **Streamline Your Search Efforts:** As efficient as search is, there are always ways to make it even more efficient. In some instances, the efficiency literally means more for less money. Here's how: search terms cost different amounts of money per click, depending upon how popular a particular search word is. In the automobile category, for example, “automobile” is a very important word. However, it might not be the right search term to buy! The reason is simple: that term might be more popular, but because it costs you more money per click, it might have a lower “yield” of leads than other terms like “car”, “sedan” or “wheels”. Sometimes buying “longtail terms” (words that are less common, but much cheaper) can actually generate more leads for less money.

Another way in which you can do more for less in search is to ensure that there's not too much duplication in the search terms you buy (SEM) versus the natural search results that happen (SEO). SEO is an acronym for "Search Engine Optimisation", which is jargon for making sure your website is constructed in a manner that makes it most easily found by the search engines. In some cases, particularly if you've already optimised your website for "natural search" (something you should do), you may already show up high on search rankings without buying that particular term. If that is the case, consider buying different search terms, rather than duplicating what you're already getting for free.

- Use Your Website for Consumer Research: Don't have as much money as you used to for your focus groups? Then you might consider the last "more for less" strategy, which also makes sense when times are good: use your website for consumer research and feedback. Too often, companies are too focused on selling on their website. The feedback they get from consumers is too narrowly focused around customer service and complaints. However, with some simple modifications, you can elicit consumer ideas, opinions and input. You can test out new ideas. You can have consumers — particularly your most loyal advocates — give you free ideas. Increasingly, companies are turning to digital channels for research, given the speed, low-cost and easy data capture that the web offers. Ironically, tough times can often force through innovations that are better for a business.

MEASURABILITY: CERTAINTY IN UNCERTAIN TIMES

Even in the "good times", companies can't afford to waste their funds. But now that times are getting tougher, many marketers are realising that they truly can't afford not to know what they are getting with every dollar they spend.

Virtually everything you do on a digital channel — from your website or mobile site to your digital media, email and viral marketing — generates data. This is highly accurate data that, through some basic analyses, can show you where improvements can be made. It's true that many other forms of marketing also lend themselves to some type of measurement and improvement. However, on digital channels, that data is particularly plentiful, accurate, easily manipulated (since it's already in digital format) and almost immediately available — often for free. This allows for deeper and quicker analyses and improvements.

Therefore, your key actions in a downturn can (and should) include optimising all of your existing digital marketing efforts to ensure they are performing as well as they can. Plus, there are some other monitoring activities that can yield valuable information, which will help you be more competitive. Some of the key techniques that will allow you to do this are:

- Site Evaluations: You can conduct simple evaluations that yield insights on how you can make quick modifications to existing digital assets (websites, mobile sites, etc.) so they are more efficient and effective. As noted above, this can yield information on poor functionality. But it can identify easy-to-fix structural or usability problems that are a drag on performance.

- Media Optimisations: Media optimisation tools abound today. Are you using them? If not, we can tell you how to use them to review your existing digital media spend to ensure your current selections are producing the best yield possible, depending upon your business aims.
- Creative Pre-Testing: More companies are realising that they can use the instant feedback of the Web to test ideas — including for non-digital material. Web-based testing can be overt, in the form of asking for consumer feedback. Or it can be covert, by simply looking at the data related to consumer usage patterns to determine which material performs best. However you go about it, it's worth figuring out how you can take the “guesswork” out of uncertain times through smart testing.
- Competitive Monitoring: The last point is a reminder that even during the tough times, your competitors aren't sleeping. In fact, they — like you — are probably considering new and better options. So during tough time, it's important to monitor their activities. Where they are, outdo them. Where they aren't, fill the void (if it's cost effective and makes sense for you). When they stumble, pounce on the opportunity with better offers, better information and better options — punishing them by swaying consumers away from them. Doing some simple online monitoring will help you know what they are doing and what consumers are currently saying about your competition

PLANNING STEPS

We believe that all of the steps noted in this booklet are worth considering when times are good. Digital marketing options can provide effective alternatives, particularly when times are tight. What are the priorities? Here are a few key action points to consider:

8 Priority Action Points

1. Consider digital drive-to-sales tactics to quickly boost your sales results.
2. Establish or improve upon your search strategy to generate cost-efficient leads quickly.
3. Consider other digital media options, which can often be run in shorter, more cost effective bursts than other media.
4. Review your current email strategies to be more focused and effective — and ensure they're actually getting through to the intended recipients.
5. Determine what existing video material you have and deploy a video distribution strategy to leverage free exposure.
6. Leverage social networking sites.
7. Generate insights and research using your existing website or other digital assets.
8. Review what you're already doing with digital — and improve anything that is not working.

We're Ready to Help You

We are ready to help you make a difference in your business — and we can do it in a quick, easy and measurable way

Step 1: The starting point is to get some brief information from you. To facilitate this, please refer to the brief Smart Digital Strategies Checklist on the last page of this document to quickly do a reckoning of what you are/are not currently doing.

Step 2: Contact us for a free, confidential consultation regarding the information in your questionnaire. We can help you identify some initial smart options for consideration.

Step 3: Pending a discussion around the information in your questionnaire, we can also potentially go further, using various evaluations and diagnostic techniques to help you build a more specific plan to optimise your current activities and to try some new digital marketing techniques.

For more information on how to manage digital in a downturn, please contact:
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SMART DIGITAL STRATEGIES CHECK-LIST

As you speak with others in your organisation, you can use the following list to check whether you are taking advantage of all the smart digital strategies at your disposal:

	YES	NO
Have a clear strategy for search	<input type="checkbox"/>	<input type="checkbox"/>
Have optimised your search terms	<input type="checkbox"/>	<input type="checkbox"/>
Currently optimising your email campaigns	<input type="checkbox"/>	<input type="checkbox"/>
Securing digital usage rights for TV material	<input type="checkbox"/>	<input type="checkbox"/>
Creating useful, brand-relevant widgets	<input type="checkbox"/>	<input type="checkbox"/>
Have a video distribution strategy	<input type="checkbox"/>	<input type="checkbox"/>
Utilising social networks	<input type="checkbox"/>	<input type="checkbox"/>
Using your website/mobile site for research	<input type="checkbox"/>	<input type="checkbox"/>
Maximising your website for consumer feedback	<input type="checkbox"/>	<input type="checkbox"/>
Have considered Internet Microstars	<input type="checkbox"/>	<input type="checkbox"/>
Working with non-competing companies	<input type="checkbox"/>	<input type="checkbox"/>
Consider digital or Internet sponsorships	<input type="checkbox"/>	<input type="checkbox"/>
Have considered affiliate marketing	<input type="checkbox"/>	<input type="checkbox"/>
Use the web for pre-testing	<input type="checkbox"/>	<input type="checkbox"/>
Have some form of online competitive monitoring	<input type="checkbox"/>	<input type="checkbox"/>