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# CMO

THE CMO COMMUNITY

## **Online Gets Going with Moving Images – How Are Advertising and Brand Communication Changing with Web 2.0?**

**Results of a Study of the Success Factors and Future Significance of Video Communication on the Web**

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## A. Interdisciplinarity – More Necessary Than Ever Before

The Internet has now firmly established itself as a platform for communication and interaction. However, there is still considerable need for explanation as to how its potential can be exploited in a way that is both sustainable and efficient. Advertisers and providers of marketing services alike agree that the next phase of the development of the Internet will be dominated by online video, increasingly making the multimedia vision fostered since the 1990s a reality. Interviews strongly emphasize that the key to Internet use in the future is to be found in interdisciplinary collaboration between different functions, that is, across both the classic separation between customer and service provider and the separation between functional areas (traditional/marketing communication – dialogue/customer relationship management – online communication). Motivated by what we learned over the course of many interviews, projects, conversations, and workshops with customers and colleagues in Europe and America, we decided to carry out this study in an interdisciplinary way. Only the perspective of business-oriented marketing combined with the perspective of a creative and production agency could cover all options and possible principles for action.

## B. From Internet Hype to Established Communication and Interaction Channel

The Internet has firmly established itself as a channel for communication and interaction. The Internet is becoming more widespread. According to representative studies carried out in the United States and in Germany, the majority of adults are online. And this growth is continuing. Thanks to the widespread availability of broadband Internet, advertisers can now use the Internet to reach specific target groups across all age groups. The Internet is even enjoying increasing popularity in the upper age groups. The highest rate of growth was recorded among people aged between 60 and 79, who are known as “silver surfers.”

Simultaneously, particularly among young people, the increase in Internet use is accompanied by a decrease in the use of traditional media, such as TV or traditional print media (Eimeren and Frees 2008). A study by the U.S. Bureau of Labor Statistics shows that the Internet is increasingly being used to search for information, interact with other consumers, and shop as well as for pure entertainment (Figure 1). These younger users were “born digital” in the truest sense of the word (Ito et al. 2008; Palfrey and Gasser 2008). In most industrialized countries, the percentage of time young people spend on the Internet has reached nearly 50% (ZAW 2008). In cyberspace, the forms of communication and interaction between advertisers and customers are changing dramatically – a real paradigm change is under way.

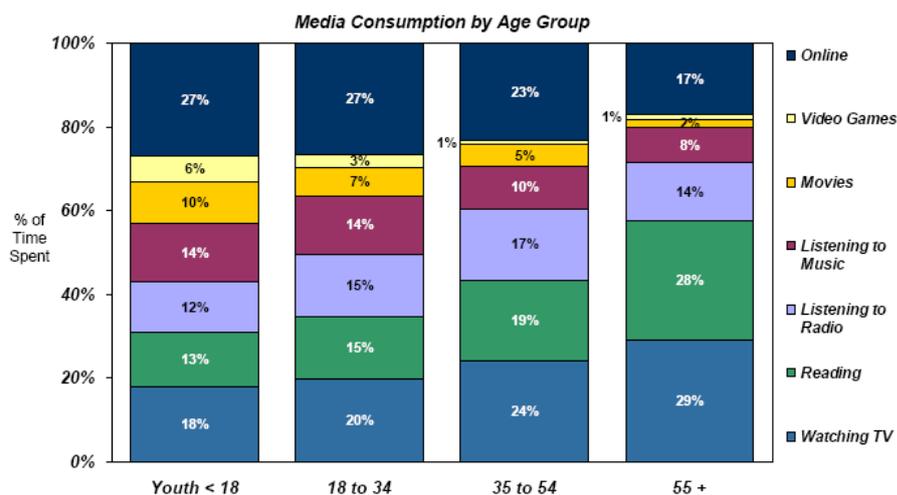


Figure 1: Media Usage by Age Group (Source: U.S. Bureau of Labor Statistics 2008)

## C. The Collaborative Web: Credible and Authentic

In addition to the known forms of Internet-based marketing, a number of innovations and new business models in the Web 2.0 environment have either newly emerged as what is known as consumer-generated content (for example, blogs as user-created online magazines) or have grown considerably in importance (for example, search engine marketing, Figure 2). The constant increase in Internet use often hides the fact that media usage time is incrementally shifting within the Web from traditional, static Web sites toward the “social Web.” Passive users are becoming active creators. Internet surfers are no longer just consumers of information but instead decide when and where they will consume (or themselves produce) which content and in which format.

	Blogs & RSS feeds 	File exchange & content sharing 	Wikis 	Podcasts 	Mash-ups 	Tagging 	Social networking 	Evaluation portals 
Business model	<ul style="list-style-type: none"> <li>Systematization and compilation of online journals</li> <li>Revenue from ad sales</li> </ul>	<ul style="list-style-type: none"> <li>Archiving and systematization of user-generated content (e.g. videos, photos)</li> <li>Revenue from banners and performance ads</li> </ul>	<ul style="list-style-type: none"> <li>Gathering, systematization and further development of information</li> <li>Revenue from donations</li> </ul>	<ul style="list-style-type: none"> <li>Provision of audio and video content</li> <li>Revenue from pay-per-use, subscriptions, and banner ads</li> </ul>	<ul style="list-style-type: none"> <li>Aggregation and contextualization of Internet services</li> <li>Revenue from placement fees and pay-for-performance ads</li> </ul>	<ul style="list-style-type: none"> <li>Classification and systematization of Web sites</li> <li>Revenue from sales of clickstreams for data mining purposes, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Compilation and provision of user-generated content on a single platform</li> <li>Revenue from banner ads</li> </ul>	<ul style="list-style-type: none"> <li>Aggregation and systematization of product and product-based information</li> <li>Revenue from commission and banner ads</li> </ul>
Services offered	<ul style="list-style-type: none"> <li>Provision of an authoring tool for writing blogs</li> <li>Blog hosting</li> <li>Blog categorization</li> </ul>	<ul style="list-style-type: none"> <li>Provision of online memory space</li> <li>Systematization of content, e.g. through categories and evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Tools for the user to create and edit content</li> <li>Provision of a platform for finding and displaying information/knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Topic-based audio and video content</li> <li>Opportunity to subscribe</li> </ul>	<ul style="list-style-type: none"> <li>Linking of basic data (usually maps) with additional information (addresses, images, events, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Central archiving and ubiquitous availability of bookmarks</li> <li>Bookmark indexing</li> <li>Access to other users' collections of links</li> </ul>	<ul style="list-style-type: none"> <li>User self-portrayal</li> <li>Networking among users</li> <li>Networking of users and content</li> </ul>	<ul style="list-style-type: none"> <li>Aggregation of product information</li> <li>User-generated product evaluations</li> <li>Price comparison with links to online shops</li> </ul>
Customer benefits	<ul style="list-style-type: none"> <li>Unfiltered and personal publication opportunities for all</li> <li>Visual refinement of content</li> </ul>	<ul style="list-style-type: none"> <li>Broadcasting for all</li> <li>Provision of an audience</li> </ul>	<ul style="list-style-type: none"> <li>Aggregation of topic-based information</li> <li>Freedom in terms of content and authors</li> <li>Users as collective editors</li> </ul>	<ul style="list-style-type: none"> <li>Consumption of content independent of time and place</li> <li>Automatic update</li> </ul>	<ul style="list-style-type: none"> <li>Added value from linking relevant information</li> <li>Value-added services for cross usage</li> </ul>	<ul style="list-style-type: none"> <li>Individual editing of the Internet</li> </ul>	<ul style="list-style-type: none"> <li>Provision of social contacts</li> <li>Facilitation of social contacts through virtual interaction</li> </ul>	<ul style="list-style-type: none"> <li>Independent product evaluations by users</li> <li>Simplification and support in the decision-making and purchasing process</li> </ul>

Figure 2: Examples of business models in Web 2.0 (Enderle and Wirtz 2008)

On the new “collaborative” Web, users freely praise and criticize products and companies, and consumers now produce more product and marketing information than the companies themselves. The collaborative Web is more interesting and credible from the user’s point of view and is, therefore, growing rapidly. The new Web 2.0 portals live off user-generated content. People write what they think about products and companies bluntly. The realization is that user-generated content is usually considered to be more credible than the marketing messages put out by advertisers – a concept that is both surprising and discouraging from a marketing perspective. From the companies’ point of view, intelligent use of the Internet requires the offer of a dialogue with the consumer – both individuals and entire communities – that is authentic and entertaining (Bughin, Ebenich, and Schenken 2007, Kreutzer and Merkle 2008b).

The result is that consistent brand communication across all company areas is exposed to critical, public (direct), open consumer opinion and has to prevail against it. What first started at Amazon with simple user content, such as book reviews, has become ubiquitous. Users register on platforms and write their own text, evaluations, and comments, with access to technology that allows them to become their own head of programming. This leaves brand management facing a host of new challenges in the digital age.

## D. Brand Management and Web 2.0 – Are Consumers Managing Brands?

The appeal of these new platforms with user-generated content is most clearly reflected by the YouTube video portal ([www.youtube.com](http://www.youtube.com)). Users upload over 100,000 videos there every day. However, the trend toward consumer-generated content and advertising also means that brands may be presented in a context that is not in line with the desired strategy and positioning.

Companies must therefore decide: Should they use and integrate customer comments profitably or block expressed opinions to avoid damage to their image? Time Warner did the latter in the year 2000, suing a number of enthusiastic Harry Potter fans for copyright infringement. The reason: They advertised Harry Potter on homemade, unauthorized Web sites (Karig 2007).

Taking legal steps is usually counterproductive and usually results in critical press coverage and calls for a boycott. Brand manufacturers – who see themselves as the “bringers of meaning to the lives of their customers” – must allow users to grab the chance to experiment and play around with the meanings the brand manufacturers create. Apple showed how this is done: In response to a private promotional film for the iPod that caused a sensation in 2004 and 2005, Apple reacted perfectly. It did not react at all. In other words, why take legal action against a 37-year-old teacher who is creating free advertising for a product – even if he infringes copyrights in the process – if the company achieves higher brand-awareness values through this so-called viral marketing (Karig 2007)?

By contrast, in the early days of Web 2.0, some brand producers considered creative users to be less of an asset and more of a threat to integrated marketing communication and brand management. Surely the most prominent example is that of the Coca-Cola and Mentos experiments. The Coca-Cola Company initially reacted rather humorlessly to a video shot by two practical jokers that showed the explosive effect of Diet Coke when mixed with Mentos, which shot to the top of the YouTube charts, inspiring a whole host of imitators. The Coca-Cola Company's official statements referred only to the use of the “Coke” beverage.

Mentos considered the gag less of a threat and was delighted about the free advertising – worth approximately US\$10 million – and observed the absurd series of tests, which soon spread like an epidemic. When Mentos noticed that the reactions remained positive, the company sponsored a sequel of the original version and distributed it on the Net (Karig 2007). In a fashion similar to Mentos, Dove was able to strengthen its brand with parodies of its advertising and reach 4.4 million viewers on the Web with its “Evolution” video (Schelske 2007).

In his marketing blog, Cultureby.com ([www.Cultureby.com](http://www.Cultureby.com)), the anthropologist Grant McCracken writes about the learning process that a brand must undergo. He states that these kinds of open discourses are essential if a brand is to be kept vital and experiential (Karig 2007). This inevitably leads to the democratization of brands. With Web 2.0, the Internet user is free to respond to the brand's message with responses that may be so creative that the form alone carries the message. In this case, the communicative strength is based less on extensive media budgets and strategies and much more on networks, multipliers, and communities (Strauss 2008).

## E. The Web Turns to Video – From Static Web Sites to Video Communication

Parallel to the rapid growth in Internet usage, the exploding demand for multimedia applications on the Internet has led to the concept of “multimedia” – a concept that has been widely discussed since the 1990s – becoming reality. In most industrialized countries, more than 50% of all Internet users watch videos (for example, on video portals or media libraries) and watch either live or time-shifted television shows on the Internet. By comparison, only a third of Internet users access audio files such as music, podcasts, and radio broadcasts (IP Deutschland 2008; von Eimeren and Frees 2008a). Since 2005 the number of users of Internet video has doubled, and that growth continues. The number of users watching video on the Internet is expected to reach just below one quarter of all Internet users across all industrialized countries.

The availability of time-shifted video is increasing the demand for online video that can be watched at home or on the go on either mobile or stationary end devices. The increasing interest in online video is supported by corresponding broadband Internet access technology. Today around 70% of Internet users have a DSL or broadband connection that makes it possible to access data-intensive offerings in a convenient manner (VDZ 2007). This has led to a change in tactics on the part of both advertisers and receivers of marketing communication, with focus gradually shifting from fixed text (blogs) and photos or images (for example, Flickr) toward moving images. Online video commercials can be used to accurately address a target group and encourage interaction with the brand. In addition, the ability to directly measure results (for example, in the form of click rates) increases the attractiveness of the use of video communication from the advertiser’s perspective.

As a result of this, Cadbury completely revised its marketing strategy in 2006, making a sudden change in tack toward viral marketing. The Gorilla campaign was launched on the Web and generated more than 500,000 page views in the first few weeks. In total, the video was viewed more than 6 million times on a number of different video file-sharing networks, such as YouTube. A number of Facebook groups were created in response to the online video commercials. One group, called “The Cadbury Gorilla is a Legend,” has more than 4,000 members. This shows that despite the current economic crisis, the online video advertising market continues to grow. An example: According to the latest report published by the Circle of Online Marketers (OVK), part of the German Association for the Digital Economy (BVDW), video banners were number one in 2008. Their use grew by around 236% in the previous year alone, according to OVK’s 2009–10 online report.

Studies carried out by Tomorrow Focus AG substantiate the overriding significance of online video commercials. It found that when different members of a given target group are addressed using different media and advertising materials, those who had contact with online advertising videos displayed considerably higher advertisement recall than those who had contact with traditional static online advertising (Tomorrow Focus AG 2007). According to forecasts by Jupiter Research, investment in online video will increase by an average of 27% a year until 2011 as a consequence. Ideally, online videos combine the best of two worlds: the lessons learned from television and the Internet’s interactivity, immediate measurability, and lower media costs (Figure 3).

<b>Video on TV</b>	<b>Online Video</b>
Media companies	Consumer
Unidirectional	Two-way conversation
Fixed-schedule	On-demand, search, recommendation
TV set	PC, laptop, PPC, mobile
Location-specific	Independent of location
Family	Individual, network
Passive	Active, interactive
Market research (ex post)	100%, continuous success control
Mass advertising	Advertising specific to target groups, one-to-one
Neutrality	Topicality
Higher media placement costs	Lower or no online placement costs

Figure 3: Differences Between TV and Online Video

Online video leads to higher awareness of the advertisement (measured by advertisement recall), higher awareness of the brand, and higher rates of positive product estimation and associated willingness to buy. A recent Spiegel Online study shows that unassisted recall of a product advertised on TV is made more difficult by the high number of products advertised in one commercial break (Figure 4). By contrast, when assisted, more than double the number of respondents remembered the online advertising for a given product than the TV advertising for it, and 80% of respondents recognized the advertisement when it was played back to them. The moving image is precisely the medium that is successful in conveying brand worlds and updating brand images online (IP Deutschland 2008). The moving image is and will remain at the core of transmitting advertising messages and brand values – whether online or offline – and will gain even greater significance in the online arena in the future. And moving images are becoming the most important element of the digital age. With Web 2.0, people not only search for information. More than anything else, they are looking for what they know from television – entertainment and big emotions in pictures that move both literally and figuratively. And this generates new ways of addressing customers.

	Baseline	Online	TV
<b>Unsupported Recall</b> Brand (Odol-med3/Odol) Product (mouth rinse)	0% (online) 0% TV	18%/30% ☺ 21%	1%/3% ☹ 2%
<b>Aided Recall</b> Brand (Odol-med3/Odol) Product (mouth rinse)		☺ 73% 59%	☹ 28% 19%
<b>Spot Recognition</b> Odol-med3 samtweiss polarfrisch		☺ 78%	☹ 35%
<b>Spot Rating</b> Odol-med3 samtweiss polarfrisch		☺ Avg 2.62	☺ Avg 2.62

Figure 4: Results of the Spiegel Online Advertising Effectiveness Test: Online Advertisement Versus Television Advertisement (Source: Barkewitz and Riess 2008)

The interviews conducted provide conclusive evidence that online video communication will only complement traditional TV in the foreseeable future – even if YouTube does emerge as the new leading medium. However, this is to be expected. Consider that TV has been shaping the social behavior of populations for almost 60 years, with TV content representing a form of “social currency” that viewers trade in their everyday interactions. What’s more, the Internet is penetrating the society as a primary form of media very slowly. The following significant obstacles contribute to dampening a full-scale switch from TV to the Internet anytime soon:

- **Live:** The value of much TV content is that it is transmitted live and in a defined and familiar program format, such as an important soccer game. Exchanging views about televised events between colleagues the next day – “water-cooler talk” – continues to be one of the most important tactics to initiate conversation initiators among colleagues. This makes content a form of “social currency” that users exchange in their everyday interactions.
- **Range:** Traditional media reaches a wider audience. For that reason, TV continues to offer considerable advantages when building a brand and comprehensive product presence.
- **Measurement:** Traditional media has the most mature procedures to measure effectiveness of its activity, as practiced, for example, by GRP Media. With TV, advertisers can find out exactly what a certain reach is worth using guaranteed distribution plans.

## F. Success Factors and “Best Practice” Examples for Online Video Communication

### Seven Success Factors

With this in mind, SAP AG and e+p commercial Filmproduktion GmbH conducted an analysis of video commercials shown online by advertisers worldwide. The goal of the study was to identify success factors and trends that could be effectively transferred to online video commercials as well as to tease out global best practices. All known analyses of development and trends pertaining to video communication were evaluated; success factors inferred, formulated, then further refined; and the results compared with about 300 creative commercials renowned for their success. The analysis of secondary material was substantiated in a series of over 30 interviews with chief marketing officers, agencies, and advertisers. These interviews focused on the following questions:

- What significance will video communication on the Web have in the future?
- What are the success factors for using online video communication?
- How can advertisers succeed in conveying advertising messages in cross-media and multimedia form while effectively harnessing the viral effect of the Internet in a way that helps them achieve their goals, for example, through users themselves spreading interesting videos?
- What principles can be applied to both traditional offline video commercials and online video commercials? Must completely different formats and content be used?
- What best practices – or prominent examples from online advertising videos – exist? What attributes characterize them?
- Is the trend moving toward mass communication using very simple videos like those on YouTube or toward high-quality brand communication similar to traditional video commercials?

The statements heard in the interviews all attested that the trend is moving toward online video but that the video formats used are becoming increasingly differentiated. On one side are the private video contributions made by individual users – shaky, nonsense videos that usually stand out because of their absurdity, for example, on YouTube. On the other side, standards can be expected from advertisers that uphold increasing quality and professionalism in their videos. Quality standards already applied to professional online video commercials are being put into effect with increasing frequency for online video commercials. At the same time, there is a conscious effort to produce video commercials that only follow an idea, leaving considerable conceptual freedom. For example, the video *adidas Originals* with David Beckham and Kevin Garnett captivates an audience with its spontaneity, authenticity, and fluid camera work as it looks in on a friendly basketball game between two top athletes ([www.youtube.com/watch?v=yIF9ySdw2aU](http://www.youtube.com/watch?v=yIF9ySdw2aU)).

Seven success factors were derived from common characteristics, and success factors can be identified from the interviews and analysis of commercials shown online around the world (see also von Eimeren and Frees 2008b). Those success factors are:

- Authentic – Videos should portray an “objective authenticity” of one of the events on which it is based. For the viewer, authenticity is a perception, an approval of what they see, and “can be felt visually.”
- Entertaining – Videos should pass on the advertising message in an entertaining and surprising manner, which is known to generally elicit a positive reaction from the recipient.
- Emotional – The primary objective of a video is to quicken feelings of general interest or specific sentiments in the viewer in order to stimulate an emotional experience. Videos described as “gripping,” “touching,” or “moving” indicate a viewer’s emotional involvement.
- Visually interesting – A video must create a resonance with the viewer’s own inner images and thus to personal perceptions that are subject to refinement through prolonged viewing.
- Informative and relevant – Videos must address the factors that characterize a target group’s informational behavior, that is, how members of the target group seek, manage, and use information in a certain context.

- Topical – Timely reporting and timely transfer of information can be measured as the time interval that elapses between when an event occurred and its broadcast or publication.
- Surprising and unexpected – Surprising material almost always triggers confusion, a high state of emotion, or both by confronting the viewer with unanticipated situations, images, or statements. As with the emotional aspect of a video, the element of surprise arrests and involves the audience emotionally in the message.

The combination of these success criteria enables target groups to be effectively reached and the advertising message to be effectively conveyed. If these success criteria are followed, online video commercials can become an innovative form of “advertising,” that is, a form that is both advertising and entertainment. Highly visual entertainment in online videos holds the viewer’s attention. Studies at the University of Frankfurt have established that the biggest advantage of a video commercial’s entertainment value is that viewers directly and consciously want to see it. They can also voluntarily distribute the advertisement on the Internet, thereby fulfilling a multiplier function. For online videos, that means that the viewer’s attitude toward the brand being advertised after the presentation of the advertising video is directly influenced by the viewer’s attitude to what he or she has just watched.

All of the experts interviewed consider it problematic when brands are overloaded with images and feelings with no consideration to the brand value. In the foreground is the development of themes, dreams, ideas, and worlds of experience with which to reach the public and move them emotionally. According to the studies and interviews conducted, successful online videos are characterized by both how they embed the success criteria outlined above and their success at telling stories, which briefly remove the viewer from everyday life just as TV and film do. It is possible to adapt or transfer the known formats, mechanisms, and genres from the traditional world of film. For example, Burger King’s show film (*Chicken Sandwich World Championship*) draws on elements of a boxing match from *Rocky*; Solon’s image film with battery rain evokes images of films such as *The Day After* and *Independence Day*.

Taking all forms of cross-medial video communication into account, it is possible to determine eight different film formats (Figure 5).

	<b>Content characteristics</b>	<b>Length</b>	<b>Media platform</b>
<b>Clips</b>	Traditional TV advertising, short storyline with large presence of the product being advertised	Approx. 15–60 sec	TV, Internet, movie theaters
<b>Image films</b>	High-quality images, no storyline, describes additional areas of a company unrelated to the product being advertised	Approx. 1–10 min	Internet, movie theaters, lifestyle screens
<b>Company films</b> <b>Portraits</b>	Self-portraying, documentary interview situations	Approx. 2–15 min	Internet, lifestyle screens, trade shows
<b>Product films</b>	Focuses on a concrete product, explanatory, informative	Approx. 2–15 min	Internet, movie theaters, lifestyle screens
<b>Show films</b>	Accompanying film, clear subject matter, events	Approx. 2–12 min	Internet, lifestyle screens
<b>Webisodes</b>	Series episodes, fictional storylines, short	Approx. 4–10 min	Internet
<b>Virals</b>	Funny, entertaining, crass, high quality	Approx. 30–90 sec	TV, Internet
<b>Short films</b>	Storyline, closely associates with the product	Approx. 2–12 min	Internet

Figure 5: Different Film Formats

Grohe AG, headquartered in Düsseldorf, succeeded in building its own positive and unmistakable brand in the area of image films, in contrast to the simple, explanatory-descriptive format predominantly found in previous films from the industrial sector. Its image film combines the elements of quality and technology to create a special *Gestalt* using a water theme (Figure 6). The conceptual design appears in harmony with nature and conveys a high degree of intrigue, captivating the audience using the power of images alone. Grohe's image film shifts Grohe from the technology field to the field of its core business – premium bathroom fittings and accessories. The film visually conveyed the basic concept, the creative realization, and the new Grohe positioning and competitive advantages to a broad audience in a way that is understandable. The company says that the film's communicative goals were exceeded both internally and externally. The film has generated noticeable enthusiasm among Grohe's employees, who are actively involved with the new campaign. The success of the film meant that the complex international rollout of the new Grohe presence could be completed faster than planned. To accompany its repositioning, Grohe also launched and reinforced its newly developed tag line, "Enjoy Water." Market research has proven that the brand recognition and recall of Grohe core technologies has significantly increased. The image film has positively influenced both the brand image and the net promoter score, which measures existing customers' willingness to recommend a brand.



Figure 6: Best-Practice Image Film from Grohe: "Water Experts"

The use of a different best practice for image films was demonstrated by Solon AG, based in Berlin. This two-minute image film was shot in the style of a blockbuster movie, launched especially for the online medium ([www.youtube.com/watch?v=IFJc4xuFPcc](http://www.youtube.com/watch?v=IFJc4xuFPcc)), and received a gold award at the New York Festivals for its high quality. The film illustrates how much unharnessed energy “rains” down onto our planet every day. The action-heavy clip aims to make the subject of solar energy accessible and urges ecological change. The visually exciting production first evokes memories of classical movies and film genres such as *Independence Day*. The viewer does not learn what the film is about until the end. The product is intelligently integrated into the film without ever actually being shown.

In the category of company films, American Honda Motor Co. Inc. set the standard with its film *Dream the Impossible*. Honda produced a comprehensive series of company films, documentaries, and portraits as part of a campaign called *Power of Dreams*. *Power of Dreams* comprises three documentary company films of between six and eight minutes in length in which Honda employees outline their visions on the subject of “Mobility 2088” in a manner that is very personal, empathetic, and at the same time very authentic. The main emphasis is on the emotional connection to the viewer, realized through personal, evocative statements by individuals. The film makes brilliant use of the documentary style to tell a story in an authentic manner without exaggerating or moving too far from the object of the story. What is fascinating about the campaign is its extraordinary, future-oriented, and credible realization of an intelligent idea. This campaign was developed especially for the online arena and is not only available on Honda’s Web site but also on other Web sites and portals that cater to the target group.

However, it was adidas AG that the majority of interviews conducted pointed to as the outstanding practitioner of the best practice in the area of product films. As part of the “The Left-Right Project,” adidas made two gigantic shoes and sent one to the East Coast and one to the West Coast of the United States (Figure 7). There, artists then customized each of the shoes to their own taste, and the shoes were brought back together as two massive, customized, creatively designed shoes. The goal of the project was to shoot a product film that created a lifestyle connection between the product and the target group (“sports style”) in a manner that was as natural as possible. That way, the viewer could see real artists creating a shoe through excessive yet contemporary means. By using the shoe as the main character of the film, it was possible to lend the storyline a “lifestyle” feeling. The film later became part of the retail launch of the adidas SuperStar shoes. In addition, adidas also permanently provides small brief video clips that were produced exclusively for the Web on adidas.tv. adidas pays particular attention to following its “celebrate originality” tagline for the area of sports style and supports this concept with fresh, creative, and up-to-date product and lifestyle videos.

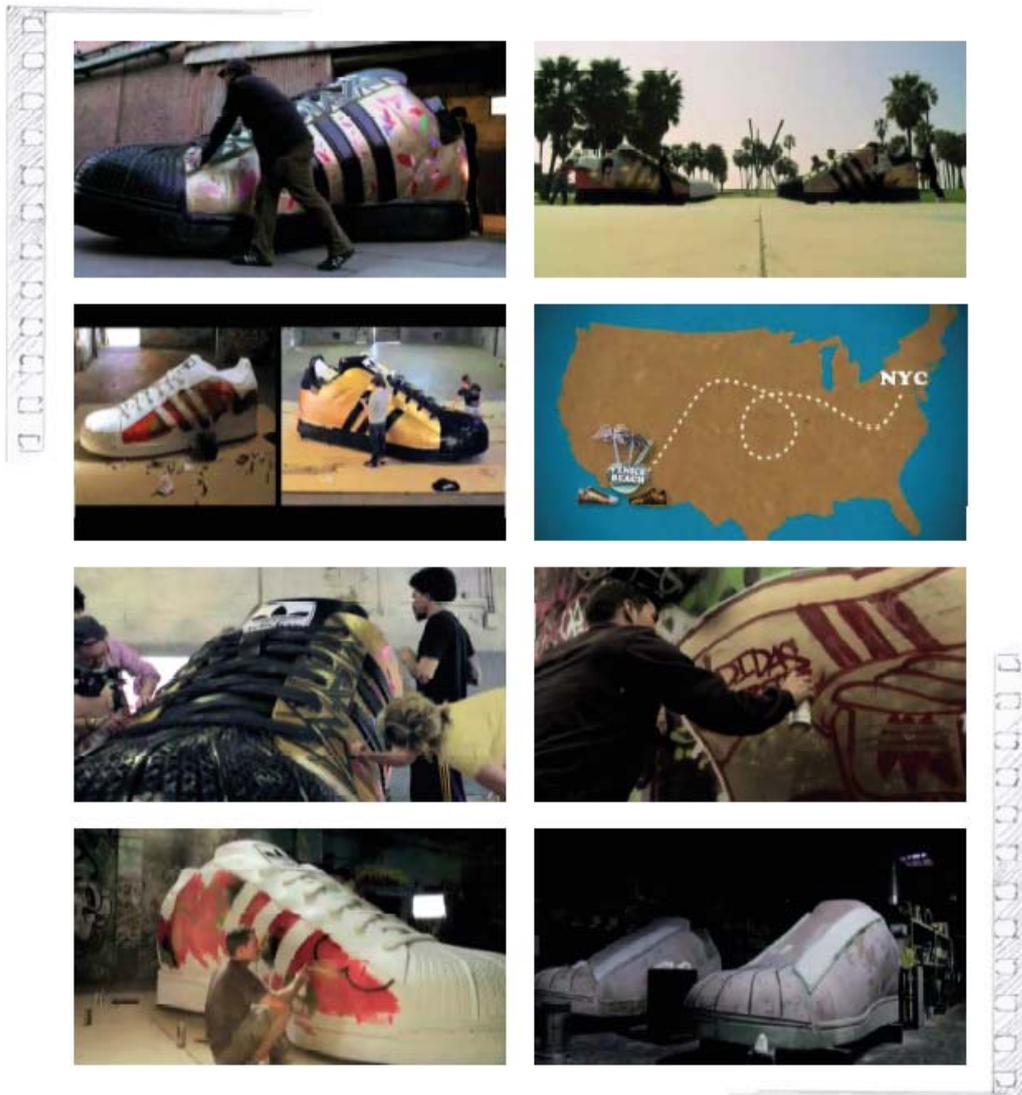


Figure 7: Best-Practice Product Film from adidas: “The Left-Right Project”

With its show film *Chicken Sandwich World Championship*, Burger King follows a completely different path. To promote its new products the TenderCrisp and the Spicy TenderCrisp, Burger King held a wrestling match reminiscent of the Rocky-style boxing matches seen at the movies and on TV. Burger King booked a 20-minute time slot for the show and advertised the event to the target group on a special Web site ([www.chickenfight.com](http://www.chickenfight.com)). We can expect to see this type of show film in the future, as the satire and deception are immediately understood by the viewers. More than 5 million visitors voted for their favorite chicken on the Burger King Web site even before the event began. The actual fight was broadcast on American television and streamed live on the Web site.

Webisodes are individual episodes of a series shot for specific distribution on the Internet. The length of each episode is closely matched to the receptive behavior of Internet users, usually 4 to 15 minutes long. The viewers of Webisodes do not watch passively, but they interact with the fictional characters and the producers of the series. *Roommates*, a Webisode on MySpace, already has 47 Webisodes. The second series is currently being produced. The Webisodes start very professionally with “Previously on *Roommates* . . .” followed by a short summary of the previous events – something that viewers know from television. New Webisodes are released on Mondays, Wednesdays, and Fridays. *Roommates* follows the lives of a group of college graduates and has been viewed a total of 12.5 million times. So far, it has been sponsored by a contact lens company and Ford Motor Company. Ford’s new compact model is featured in the series. However, experts surveyed consider the *Be a Star* Webisode by Converse Inc. to represent the best practice. As part of its new campaign, Converse developed a number of Webisodes that are available on the Internet only that portray different types of people from different professions who are all passionate wearers of Chucks.

Companies use viral video commercials to generate interest in brands and products in a way that is entertaining and surprising. Viral video can spread on an epidemic scale. One excellent example of a viral video is the Heineken N.V. commercial that targets both men and women and makes use of slightly exaggerated clichés (Figure 8). In the clip, Heineken’s beer is skillfully treated as a passive actor – both unostentatious and likable. Regardless of whether you enter [www.heineken.de](http://www.heineken.de), [www.heineken.com](http://www.heineken.com), or a different domain, you enter the walk-in refrigerated beer closet from the [www.heineken.nl](http://www.heineken.nl) Web site ([www.youtube.com/watch?v=yIutgtzwhAc](http://www.youtube.com/watch?v=yIutgtzwhAc)). A YouTube channel, Heineken Walk-In Fridge, was especially created for the commercial, which became immensely popular. Indexes analyzed during a pretest showed that such factors as awareness and willingness to forward to friends reached three times the values recorded for previous online video commercials. The idea exploits humor based on the universally understood differences between the sexes and the theme of man and woman living together, which transcends languages and cultures. The viral commercial was initially announced on blogs with the goal of generating higher interest for the TV commercial, which was to follow later. There were no media placement costs for the online placement or the clip’s availability on over 60 different video platforms. The result: Within two weeks, the viral clip generated more than 3 million page views, and there have been 6 million page views to date. In the meantime, a number of offshoots have appeared on other YouTube channels.

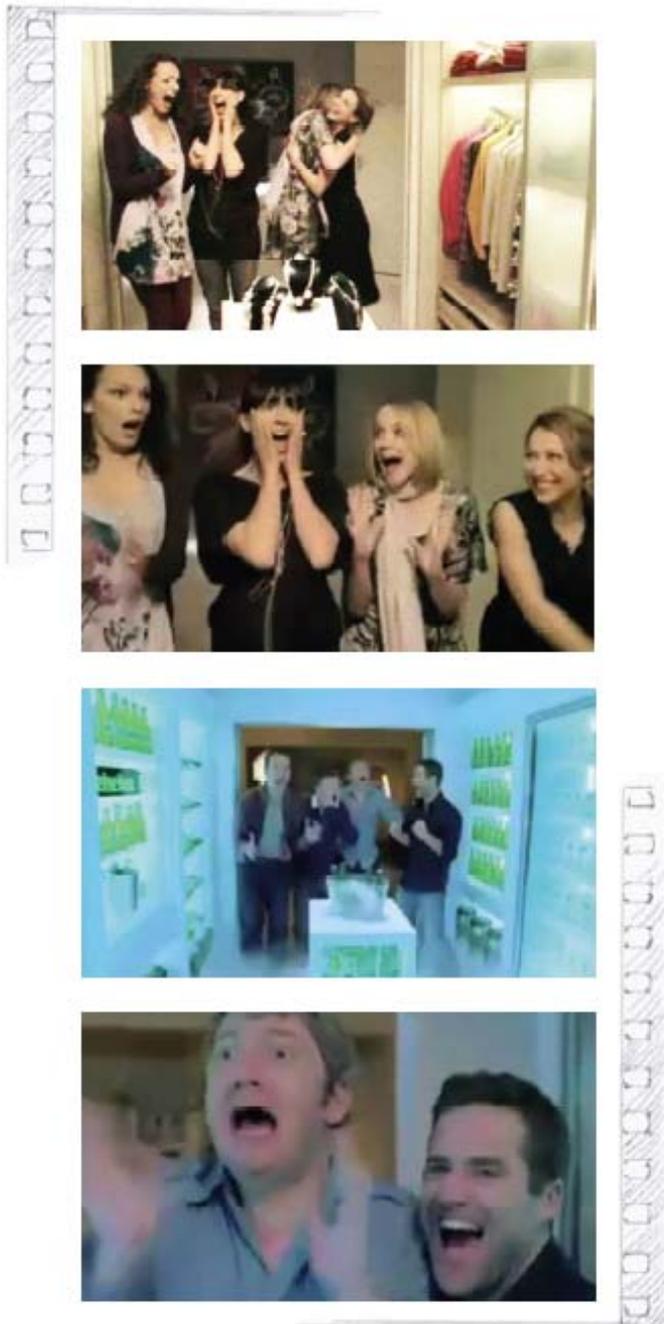


Figure 8: Best-Practice Viral from Heineken: “Walk-In Fridge”

Volkswagen AG’s legendary viral *Horst Schlaemmer macht Fuehrerschein* (Horst Schlaemmer Gets His Driver’s License) has won many awards and was used as a Web 2.0 campaign based on the viral concept. German actor and comedian Hape Kerkeling plays Horst Schlaemmer, a local journalist from the town of Grevenbroich in Germany, who is accompanied on his attempt to obtain a driver’s license. The target group can closely follow his every step on online video blogs and watch how Schlaemmer behaves at the driving school. The video blog was spread using seeding. Particularly active and attractive bloggers were first to receive information about the clip, who caused it to spread without further action from Volkswagen in a snowball effect.

At the same time, the clips were distributed by a second seeding process that involved video portals such as YouTube, sevenload.de, clipfish.de, and bild.de. Only after several weeks of guessing who was behind the viral campaign and after the blog had attracted hundreds of thousands of fans did Volkswagen reveal itself to be the sponsor. The clips continued, and, after Schlaemmer finally passes his driving test, he decides to purchase a used car (Figure 9). In true Horst Schlaemmer fashion, it does not happen without driving the car salesman crazy. When Schlaemmer wants to test-drive the car, chaos ensues.

According to Volkswagen, the results of the campaign far exceeded expectations. The videos were viewed 7.11 million times – around seven times as often as originally planned – and led to significant increases in brand perception (Maltzen and Figge 2009). In this way, the campaign succeeded in positioning the product with the target group for the long term. The measurement item “The Golf is a car for me” increased by 12% following the campaign, and the estimation that “The Golf is a high-quality, reliable car” increased by 17%. The campaign cost only €16.63 per qualified lead instead of the usual €190, and actual spending represented only 2% of the total media value due to the comprehensive reporting in other media, such as RTL television.



Figure 9: Best-Practice Viral by Volkswagen

In the area of short films, the Internet was chosen as the central communications platform for the 2007 film from Pirelli & C. S.p.A. – an idea that proved a resounding success. Thanks to the diverse methods of accessing the film, it attracted a global response after just a few months. The film was accessed from more than 200 countries and was particularly popular in Europe and South America but also among film fans and Internet surfers from such faraway territories as the Comoros, Fiji, and even Antarctica. Overall, the film was accessed over 5 million times in under a year, which represents around 1.1% of global Internet users with a broadband connection. To make Pirelli tires known all over the world, Pirelli produced an elaborate commercial in 2006. The film featured Hollywood actor John Malkovich and supermodel Naomi Campbell. The Pirelli movie, titled *The Call*, can be viewed online only and has never been broadcast on public television. The film portrays Pirelli's company motto, "Power Is Nothing Without Control," as a sacred battle between good and evil. The action-packed storyline focuses on fast driving, and places the emphasis on entertainment, positioning the product as a necessary instrument for driving cars fast. After the success of the first film, Pirelli made a second film, *Mission Zero*, a continuation of *The Call*, that featured Uma Thurman and has been downloaded more than 5 million times since its release in 2007.

## G. The New Customer Dialogue – Moving with Heart and Soul

The increased usage of video communication on the Web will not only lead to further differentiation of the online film formats used but also to a tendency toward higher quality and professionalism. The reason for this is advertisers' need to differentiate themselves on the market qualitatively – not only by simply increasing the number of implemented measures but by striving to leave qualitative and emotional “footprints” with the consumer. Online film formats are the most suitable for achieving this – as long as they meet the reigning quality standard. For efficient use of online video communication, basic principles for action can be identified (Figure 10).

### **Interdisciplinarity Increasingly Required**

For advertisers and agencies alike, the efficient use of the full potential of online video communications primarily requires a high level of interdisciplinarity across campaigns and projects. Functional boundaries between traditional marketing, dialogue marketing, and a separate online marketing area are proving to be counterproductive. The goal must be to orchestrate teamwork both horizontally (advertiser – agency – production) and vertically (traditional marketing – dialogue marketing – online marketing) using interdisciplinary projects.

### **A Fundamental Change in Structure – Easier Said than Done**

It is to be expected that dissolving existing departmental silos will lead to resistance on many different levels. The cause of this type of reactance lies in:

- Long-established, comfortable habits
- Selective perception of information that does not fit into familiar frames of reference that have grown over time
- High degree of employee dependence on the values, attitudes, and beliefs held by their most important reference persons
- Social-psychological fear of undefined change

In most organizations, it is essential to initiate sustainable change management when carrying out wide-reaching changes – for example, modified allocation of responsibilities, organizational structure, and profit center structure, all the way down to the need to negotiate individual employment contracts and bonus structures.

### **Communicative Key Concept, but with Channel-Specific Realization**

All content and measures must be implemented on a target-group-specific and channel-specific basis and with 360-degree communication. One approach is offered by the target group matrix and target-group-specific layout of all content across all communication channels (Strauss 2008). Experience from other companies shows that having a campaign manager who orchestrates all measures and disciplines is likely to lead to success. At the same time, key concepts need to be continued across various communication channels and interaction points and implemented in a way that is media specific and exciting. The focus here is on the doctrine of the “want-to-see-again” factor and the desire for diverse methods of dialogue between customer and advertiser. The Internet makes the traditional approach of simply broadcasting content across different channels largely obsolete. In its place, a solution-oriented approach is increasingly becoming necessary to communicate relevant content across media and address specific target groups.



Figure 10: Basic Principles for the Use of Online Video Communication

### Quality and Relevance: The Image of a Brand

At the same time, online video commercials will continue to differentiate themselves by their quality. They will either be produced at the same level of quality as traditional commercials, or a conscious decision will be made to produce them as scriptless “snapshots,” such as, for example, the adidas basketball game featuring Kevin Garnett and David Beckham. However, the level of production quality chosen must suit the brand being advertised; otherwise, the “low budget” impression given by the video clip will be transferred to viewers’ estimation of the quality of that brand’s products. In that case, the medium would define the message. As in the case of adidas, online video commercials can make reference to the company’s Web site and platforms such as YouTube to make full use of the effects of viral distribution. Online video commercials can become viral either by being entertaining and creative or by featuring content that is relevant to the target group. Only the combination of involvement and relevancy can trigger viral distribution.

### Creativity and Innovation - Go Hand-in-Hand with Content

While not absolutely necessary, creativity and the willingness to innovate significantly increase the chances of being successful. Original, innovative campaigns and videos achieve higher recall among consumers and usually pay off financially, for example, in terms of increased market share for the products advertised. Depending on the specifics, creativity and innovation can strengthen brand values – both in the midterm and the long term – and increase short-term sales. The more the customer feels connected with the product or the more important a given product is to them (and therefore the higher their fundamental involvement is), the more emotional and creative the advertisement should be. High-involvement products are usually characterized by a long life, high identification potential, and a high sales price – for example, cars, jewelry, watches, or expensive consumer electronics (Perry, Wagener, and Wallmann 2007). Consumers have only a limited emotional relationship with short-life consumer goods, such as laundry detergent, which means that the involvement factor for these products is extremely low. Here, the focus is on the content – that is, the product benefits. Campaigns for short-life consumer goods tend to require content that is both coherent and highly product oriented. These campaigns usually succeed by conveying clear messages, not by being original. This leads to the image gaining significance and the depth of the relationship with the customer becoming decisive. Brand loyalty and customer retention, trust, and credibility are cited as the most important goals of media. In addition, the well-known product-development practice of involving customers in the development process at an early stage (for example, through Web-based electronic product clinics) in order to comprehensively test products before they are launched on the market is being used more and more for online video commercials. Before these advertisements are broadcast through traditional media, they are first tested

online at almost zero cost. Only afterward are they released for broadcast on television and in movie theaters and only if positive feedback is received. In extreme cases, parts of the campaign development process are outsourced to customers and traditional focus groups supplemented with broad-scale online testing.

### **Topicality and Speed of Implementation**

The necessity for high topicality and relevance for the target group requires that advertisements be developed and placed quickly. This makes it possible to reference current events such as trade shows, sports events, and world politics.

### **Detailed Planning, Measurability, Success Control**

This places high demands on marketing planning. In place of fixed annual planning, the systematic use of online video communication requires planning that differentiates between content while allowing a lot of freedom for revision of set content, goals, measurement indicators, and budgets during the year, known as marketing mix optimization (Strauss 2008). The priority should be rigorous monitoring of user behavior and the chosen measurement indicators. While the use of online video commercials is attractive because they can be directly, precisely measured and monitored for their success (for example, using click rates), it should not be forgotten that online video can appear on a variety of platforms, making it impossible to carry out comprehensive measurement across all platforms and users. However, services such as [www.viralvideochart.com](http://www.viralvideochart.com) can be used as an aid. This service scans several million blogs every day to find out which online videos are referenced and spoken about the most. This primarily involves counting the number of links to a given video.

### **Seeding – Systematic Advertisement Placement**

In this context, the term “seeding” refers to the strategic placement of online video commercials on highly frequented – and above all, credible – online platforms with the largest possible distribution potential. These include, for example, topic-specific portals, forums, and communities as well as egocentric networks such as blogs that are visited by innovators and multipliers. If online video commercials – or viral messages – are placed in these online hubs, they can quickly spread at an epidemic rate and soon reach critical distribution mass. Simply placing online video commercials (“passive” placement) on the “broadcast yourself” platforms such as YouTube, Clipfish, and MyVideo runs the risk of the content getting lost among the hundreds of thousands of new uploads every day. Seeding can take place in two steps, as in the case of Volkswagen. The first step involves systematically addressing multipliers, opinion leaders, and prominent bloggers of certain subject areas. Once the online video commercial has reached a certain level of initial market momentum, it is placed more broadly on platforms and subject-specific video portal channels. Measurement is conducted using online tracking, and the customer pays on a guaranteed cost-per-view basis only.

Jim Stengel, former Global CMO of Procter & Gamble, concluded that the change in marketing that is currently under way is less of a technological one and much more of an intellectual feat. According to Stengel, the future belongs:

“Not to media models and metric marketing but instead to the ‘giving mentality,’ commitment to the two-way relationship with the customer. Today, more than ever, the consumer wants to know who is committed to the brand with heart, soul, and integrity.”

. . . and who is actually able to address the customer with content that is relevant to their target group and visually exciting and who appreciates them as a genuine dialogue partner (Stippel 2007). Web 2.0, with its user-generated content, will further reinforce this trend of direct customer interaction – accompanied by new and extensive levels of freedom that results in a more broadly and better informed customer. In marketing of the future, brand and customer will have to share the focus equally – at eye level, so to speak. Video communication on the Web offers the communication platform for sustainable and self-perpetuating communication with the customer.

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### **The CMO Community – Background, Organization, and Objectives**

Formed in 2006 at the initiative of SAP AG, the CMO Community aims to create an independent, exclusive platform for marketing colleagues from different companies and industry segments to share experiences. Its meetings are attended by colleagues from a variety of large firms and cover subjects such as brand management, marketing transformation, behavioral branding, marketing planning, customer segmentation, Web 2.0, marketing ROI, and organizational development and benchmarking. The extremely positive feedback received regarding the initiative and the interest expressed in further meetings for sharing experiences among colleagues led to this format being rolled out globally, with initial meetings in New York and San Francisco in December 2008.

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