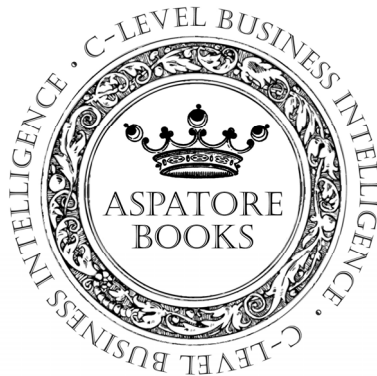


I N S I D E T H E M I N D S

Utilizing New Media in Advertising

*Industry Leaders on Integrating the Right Media
Mix, Capitalizing on New Techniques, and
Enhancing Brand Relation and Value*



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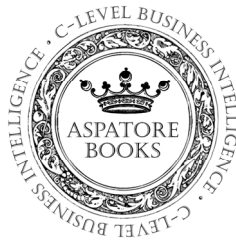
Brands without Borders

Yuri and Anna Radziewsky

Chairman and Chief Executive Officer;

Chief Creative Officer and Executive Vice President

GlobalWorks Group



The Company

Some twenty-five years ago, long before the advent of virtual teams, we began to develop a worldwide network of journalists, academics, marketers, and researchers. These experts provided instant, on-the-ground intelligence about any culture, demographic, or value- and mind-set, in any marketplace, around the globe. The network gave us ready access to many of the best minds and top authorities. Our competitors operated instead vast, costly, cumbersome agency networks, whose individual entities did not always work toward common cause.

Think of it: one meeting versus many, to collaborate on a global initiative. One group to uphold brand integrity, market by market. One team to ensure brand consistency worldwide. One group to create and deliver a clear, coherent brand voice to audiences everywhere. The lean, virtual, borderless network offered a singular level of management control, efficiency, and economy. As complexity became a byproduct of globalization, our simplified approach won many proponents.

As powerful as the approach was, and as marketplace intelligence evolved into brand content, demand mounted for a better way to create, manage, share, and distribute content. A digital technology platform we originated and offer to clients, together with our extensive package of Web globalization services—we call it *Orchestrator*TM—supplied the missing link. Imagine a client with scores of Web sites, in a dozen languages, fueled by hundreds of content creators, in fifty or more countries. The challenge is not only about differences in language and culture; it is also about differences in technology. In many cases, old systems cannot talk with new ones. Or software built around one language is incompatible with another language. The result is digital chaos.

Call our Web-based services and systems “technology without borders.” We have developed digital tools to overcome the incompatibilities. The technology helps clients create a borderless, collaborative environment. Think about the endless reviews and approvals needed to create global brand content. How do you manage the process, the sharing, and distribution? The hosted Web services we provide allow clients to pull everything together. Result: the entire branding, marketing,

communications chain operates seamlessly and globally. The technology differentiates us as much as our borderless creativity.

If you are in the branding and advertising business, as we are, leadership assumes many guises. We are, in many ways, both a laboratory and factory of innovation. It is not only that we must unrelentingly be creating new ideas. In our case, the ideas need to cross the divides of language, culture, and geography. Our own platform as an agency is the resonant phrase, “Brands without borders.” Such brands succeed in attracting consumers everywhere. Internally, our mantra is: “It takes an agency without borders to build brands without borders.” The question then becomes: How does leadership embed and express that idea, not just throughout the organization, but also amid the all-important client community?

Leadership is, for us, all about collaboration. We are a different kind of global agency. Everything we do, we do under a single roof, rather than via a network of regional offices. Our staff, headquartered in New York, represents some forty nationalities. Over the years, we also created a virtual network of five hundred experts around the world. An agency without borders is exactly that. Our approach is what we call “open-source.” We believe that when the minds of many different cultures focus and interact on a common creative challenge, the solution is often better, richer, and deeper than if the limits of a single culture were brought to bear. Leadership, then, is about nurturing a climate of equality. This enables our creative people to speak a common language, to harness and express the best ideas, which emanate from not one but many cultural backgrounds.

Interestingly, clients want what we offer, but either do not realize such an approach exists, or—because tradition weighs so heavily—have not recognized the approach as a solution. We go to great lengths, especially in initial presentations, to demonstrate that we have not only better ideas (which all agencies must do), but also a better way of doing things. We have developed digital tools to streamline collaboration on and sharing of brand content worldwide. The technology embodies the thrust of brands without borders. Leadership’s role is to endlessly reinforce the advantage of the better way and the better idea, and how the two, working in harmony, produce on every level a better outcome.

Put Orchestrate to work for Avaya, and you can see how our Net-based solutions illustrate that role. The service, focused on managing brand content worldwide, enabled Avaya to launch eleven Web sites across Europe and North America in the first year alone. Orchestrate powers all brand-defining visuals—among them, thousands of banners and hundreds of interactive Flash modules, movies, and podcasts, all in eighteen languages. The solution helped expand unique global visitors to Avaya.com by 20 percent. Increased content satisfaction leaped twenty points, from 59 percent to 79 percent.

Growth, Profit, and Success

How can your company grow and generate increasing revenue? First, diversify your revenue stream. Owing to the volatility of the business, you will not remain for long a one-trick pony. As much as we innovate for our clients, we also innovate for ourselves. We not only do what we all refer to as traditional advertising, but we are also resourced to provide a full realm of Net-related and Net-supported services. Orchestrate, which is mentioned above and is a Web-based brand-management solution we created, embodies the approach. It's an easy-to-use, hosted service for worldwide management of branded content. Clients and we use Orchestrate to harmonize how we create, share, revise, and publish content across multiple channels, languages, and cultures. Thus, technology has become an important and growing revenue source. Because we are so deeply immersed in language and culture, we are positioned to create and recast advertising, corporate ID, and branding in other languages, adding yet another financial stream.

Second, we cast a wide net for business—which is to say, there is virtually no category of business beyond our reach. We may, on the one hand, be heavily responsible for Avaya's Web presence around the globe, a task involving myriad languages, volumes of content, and extensive technological tools and platforms. On the other, we can create award-winning TV advertising for Cablevision focused on the Hispanic market, yielding among the segment the brand's best response ever.

Third, we believe that communicating for ourselves is as imperative to the vitality of the business as is communicating for clients. We use all the

tools—interviews, speeches, articles, white papers, and newsletters. More than anything else, we use our Web site to spotlight and differentiate our point of view. The site is as much about us as it is a showcase for clients. As an agency, we have a story that takes a little longer to tell. It is one thing to talk about your thinking, which, in our case, departs radically from tradition. But what the site provides beyond anything else is how that thinking translates into execution. We update the site constantly and see it as both a gateway and an engine for continuing growth.

We champion inclusion, inspiration, and innovation. It is a three-part role, which embraces everything we do as an organization. The role focuses on what we call the building blocks of the agency. Essentially, one grows out of the other. Our job is to see that the sequence is clear to all, including clients, and that the outcome benefits not just clients, but the entire enterprise, especially the bottom line.

Inclusion refers to the signature diversity of our human capital. We hail from all over the world, and always have. We recognize our commonalities, celebrate our differences, and approach the global marketplace with the same point of view. Our diversity enriches and deepens the pool of ideas from which we draw.

That brings us to inspiration. Because we champion inclusion, we bring to creative challenges the spark of many languages, cultures, and nationalities. Imagine what it is like when the backgrounds and brainpower of people from a dozen countries confront a brand challenge. The number of possible solutions multiplies beyond anything a single culture could provide.

Out of inclusion and inspiration springs innovation. This is what clients pay for—ideas that work. Not just any ideas, but the kind that surprise in their originality and impact. For one of the country's biggest cable companies, our research showed that Hispanics and African Americans in the Northeast were unconvinced they needed digital TV, broadband, and voice services. Via TV, radio, print, transit, and direct mail, we humorously positioned the services as better choices versus the competition. More importantly, perhaps, we underscored that peers and neighbors clearly thought so, because—and this was the critical insight—they themselves

were already enjoying the services. Result: response rates were 200 percent higher than any comparable campaigns in the past.

One of the world's largest professional services firms—and a client for many years—sought a more penetrating digital path into the C-suite. Business may not be sport, but that didn't stop CEOs from playing a strategy game on the Internet, geared to their specific industries. We created a kind of strategic IQ challenge, focused on key sectors like energy, automotive, pharma, and mergers and acquisitions. The games boosted C-suite traffic to the client's Web site by 165 percent, produced more than a thousand downloads of critical articles and research, and generated more than one hundred face-to-face sales meetings with always-elusive captains of industry.

Nothing we do to create value is as important as creating a climate where the forces of inclusion, inspiration, and innovation can thrive and attain their fullest potential.

If the agency business were a science, discussing questions of capturing market share, incorporating feedback, and measuring success would be easy and straightforward. But we think most of my peers would agree that the business is much more art than science—or so it often seems. Pulling market share from competing agencies? We see giant brands give creative assignments to smaller shops. We see bigger shops suddenly grabbing business from smaller ones. We see years of loyalty thrown out the window when new management enters the picture, or there is a market downturn or a loss of share. Sure, you can endlessly throw spec work at a target account or promise to do more for less. The reality is anything but predictable. In an agency shootout between an outside agency and the incumbent, you may—as the winner—gain someone else's market share. But it is not market share as such. It is simply part of the relentless churn of the business.

Not to sound cynical, but we would argue that the best client service is the service that ensures the best outcome. We all become expert at hand-holding. But the way to hold onto business is to deliver results out of all proportion to client expectation and investment, because in truth, that is what gives you staying power in this business. Our chief measure of success is how much follow-on business we win. We may do an outstanding job in

the Latino market, and the client may ask us to target other culturally unique audiences. Or we may be invited to provide more than global brand content when a client recognizes we have the technology to streamline, on a global scale, the entire brand collaborative process.

If optimism is a strategy, then we have made it a strategy we try to pass on to every member of the agency and to clients, as well. We always believe we can do better and do more. How? By nurturing a culture of innovation and the belief that, as a team, we have the desire and capacity to bring clients something extraordinary.

To cite but one example, we have worked for years with a client called Hughes. We helped management redefine the company's brand identity as it evolved from manufacturing into a service-oriented enterprise. We were there when it spun off from General Motors, needing to re-brand itself as an independent entity. When Rupert Murdoch bought DirecTV, which was part of Hughes, we not only continued to believe in the company's prospects, but also collaborated with management to reshape the new image of the company for its many audiences, from Wall Street to Main Street.

Today, Hughes is the largest provider of broadband by satellite. We remain its brand champion.

New Media in Advertising

There are, of course, no hard and fast rules about who will use new media, or when to use it, or what percentage of budget it should represent. Web design and development have played a major role in our work for clients during the past twelve months. So have online-rich media and online games. To the mix, we can add e-card tools, kiosk multimedia, e-mails, and multimedia DVDs. The context is entirely fluid. And clients are much more likely to either evaluate or agree to add new media, and to do so more frequently.

Thanks to new media, the relationship between customer and brand content has become much more openly transactional. Now, much has been made about how the customer, rather than the brand, controls the game—words, time, and space. The price of that ownership is a willingness to let

the brand into every corner of digital life. It is not the brand presence so much as the brand's ability to monitor, on an unparalleled scale, customer life online. We can follow keystrokes as users navigate Web sites. Interests and passions. Chatter and buzz. We can keep tabs on preference and criticism. Purchase behavior and social interactivity. We can, with this intelligence, re-contour and personalize the brand experience as never before.

But the way things are moving, that last idea may already be an understatement. Brands will soon be able to track the customer's steps across the entire electronic frontier. They will be able to see what you see, hear what you hear, follow you to concerts, accompany you 24/7. The customer world will accept this in exchange for free, brand-sponsored content and media: music, DVDs, events, free calling, video, cell phones, games, and software.

What will come of it all? Brand and customer will get to know each other more intimately; that is, brands will understand customer needs and wants, values, and behavior far better than ever before possible. In turn, we hope this will lead to ever richer levels of brand personalization, especially in media and message. The trend should ignite new levels of innovation as brands seek to integrate what they learn into better products or heightened brand experiences.

Connectedness will be the goal, every device linked to every other device. Brand content will travel the network like so many electrons. It will become part of global collaboration. People will share brand experiences, reviews, recommendations, and purchases in a non-stop conversation. Brand connectedness will transcend language, culture, and geography. In the process, traditional media, like print and broadcast, will continue to be part of the dialogue, but in digital form.

It is impossible today to be a global brand without a multi-dimensional footprint on the Web. Appropriateness is not the issue. New media are no less a component in the marketing mix than traditional media. The core challenge is deciding among the many new brand channels springing up nearly every time you turn around. In this environment, brands need to be open to more testing and exploration. The great thing about new media is the relatively low cost of experimentation.

Digitally speaking, the divide between generations plays a key role in the use of new media. We as an agency throw our weight behind—no surprise—online initiatives targeting a younger, non-boomer demographic. You go where your audience is—or, to put it another way, where your audience these days takes you. One more digital generation, and the brand world is likely to open its embrace to an older segment, which, unlike its forebears, grew up with computers, MySpace, and Second Life.

We see new media as high-leverage media. Because we can track results so quickly and precisely, the risk is far lower than with traditional media. New media, like direct response, are much more measurable, especially in terms of purchase information.

One benchmark we like to use, if a client is willing to share the data, is how Net-driven purchases compare with direct advertising using mail, print, and broadcast. Online is most often the low-cost producer.

Our people come from all over the world. As a demographic, they tend to mirror our markets. Like those markets, they are Web-savvy and ever curious about the next new thing coming down the digital pike. Openness to the new takes the place of formal new-media training. Because of their global exposure, they are much more likely to suggest new-media ideas that transcend any one culture or country. The globe, we find, is the best training and proving ground of all.

Yuri and Anna Radziewsky founded GlobalWorks in 1999, an agency fusing branding, culture, and technology for the global, borderless marketplace. Mr. Radziewsky is chairman and chief executive officer, while Mrs. Radziewsky serves as executive vice president. For three decades, he has been a trailblazer in global branding, multicultural marketing, and digital communications. She is recognized for combining award-winning creativity with relentless entrepreneurial drive, leading to the launch of three highly successful advertising agencies.

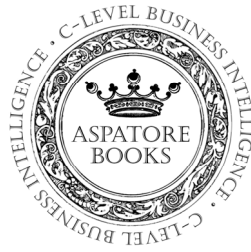
During the Soviet era, Mr. Radziewsky was born and reared in Moscow, where he hosted one of the USSR's most popular TV shows and wrote for Soviet TV, radio, and stage. Mrs. Radziewsky came from Riga, the capital of Latvia. Born in Riga, on the Baltic

Sea, she grew up in the multicultural environment of the former USSR, where consumers spoke in more than one hundred languages and dialects.

Mrs. Radziewsky graduated from the University of Latvia with a master's degree in chemical engineering. Her interests took her into the communications realm, and she became involved with TV production in Moscow. Both with advanced degrees in engineering, their real passion lay in the arts and communication. They met while he was host of the TV show, and she became immersed in TV production. The polyglot world of Russia placed them at the center of an evolving, multilingual, multicultural universe.

The couple immigrated to the United States in 1973 and founded Euramerica, a pioneer in multicultural marketing communications, which quickly grew to be the largest in the field. They launched a second agency in 1990, Y A R Communications, building it into a leader with billings of more than \$200 million a year. After founding GlobalWorks, they combined the agency with Internet-focused Liquid Digital in 2000, absorbing its cutting-edge technology to form GlobalWorks Group LLC.

The Radziewskys' clients have included AT&T, General Electric, Discovery Communications, CNN, EDS, and Walt Disney. Current clients include Hughes, Ernst & Young, Cablevision, AlcatelLucent, Avaya, and other leading global brands. In the decades the couple has been in business together, their agencies have created, adapted, and recast advertising for business and consumers in more than eighty languages and for more than one hundred countries, including the United States.



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