

THE MARKETING ASSOCIATION OF AUSTRALIA AND NEW ZEALAND



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of Australia and New Zealand

Issue #051001

Editorial

All the organisations and managers I can think of would like to be better communicators of their value offers. Most aren't. The reason for this is not only one of skills - but of time. Many firms today are stuck a swamp of day to day, hour by hour time sucking ailments. Technology problems, administrative requirements and other disorders that impair their ability to craft and deliver better strategies and optimal outputs.

Organisations must therefore become more operationally efficient and customer-centric to effectively create and support the delivery, management and measurement of positive customer experience.

The "fixing" is not a miraculous incident, but a process: It begins with a firm dedication from an organisation to commit to healing and treatment; it takes time; it often requires several rounds of attention..

The key is to focus on addressing the cause rather than repeatedly treating symptoms. Finding the treatment that addresses core issues.

Organisations today need leaders to inspire vision, creativity and motivation. Without fixers, however, today's corporations run the risk of becoming customer experience backsliders that are "all talk and no action."

The message? Find yourself some good fixers and apply some good solutions to your organization.

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Quotations

"Target the Heart of Your Customer, not his Wallet." -- Rick Beneteau

"Wherever you see a successful business, someone once made a courageous decision." -- Peter F. Drucker

"Life is divided into three terms - that which was, which is, and which will be. Let us learn from the past to profit by the present, and from the present to live better in the future." - William Wordsworth

"It is easier to perceive error than to find truth, for the former lies on the surface and is easily seen, while the latter lies in the depth, where few are willing to search for it." - Johann Wolfgang von Goethe

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New MAANZ Sponsored Events
Aligning Employees With Brand Values
 October 26 - 27
 Sydney Marriott Hotel
 IQPC
 More information [here](#)

Strategic In-Store, Trade Marketing & Category Development
 November 13 - 15
 Sydney
 More information [here](#)

Marketing Evolutions 2005 is the leading Australian event focussing on the changing face of marketing. The event brings together senior marketing executives, from Australia and abroad, to discuss how Marketing Directors are building their multi-channel strategies and measuring their success in an increasingly fragmented environment.
 November 16 - 17
 Sydney, Australia
 Orkestrate info@orkestrate.com.au
 More information [here](#)

Loyalty World Australia 2005
 November 22 - 23
 Sydney Hilton
 More information [here](#)

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Disney

Disney's consumer division, better known for peddling kid-oriented fashions at Wal-Mart in the US, has been cashing in on a hot trend in haute couture for vintage art.

The company has sold \$US200 million in high-end and adult apparel featuring classic images of Mickey Mouse and his cartoon friends since 2003, and says it sees no sign that interest is flagging. This year, Disney positioned itself for the first time as a fashion player, hosting previews of its *Alice In Wonderland*-inspired lines of clothing, home decor and accessories at two star-studded events during Fashion Week in Los Angeles.

Andy Mooney, chairman of consumer products, started Disney couture about five years ago after walking through the company's archives with Disney historian Dave Smith and finding a treasure trove of images - some of which have never been seen. He offered licences for the classic studio art to fashion designers in hopes of adding vogue to the middle-class brand. "With a lot of the higher-end items, we were trying to spread goodwill," Mooney told Reuters. "We did start this with the notion of it being a brand enhancer but it has turned out to be quite a healthy business."

The key to Disney's success as a luxury brand comes mainly from its association with brands that already have cachet, said Milton Pedraza, chief executive of the Luxury Institute, a research group that focuses on America's wealthy.

Disney moved into home decor and accessories this year after seeing references to its 1951 animated classic, *Alice In Wonderland*, appear in the pages of fashion magazines and on TV - notably in a Gwen Stefani music video in spring 2005. "When that begins to happen you just have to pay attention to the call of what's going on in society," Dennis Green, senior vice president of marketing for consumer products, said at the company's Mad Hatter Tea Party on Sunday.

The targets of the new campaign, Green said, are luxury-loving teen-agers and young adults in New York, Los Angeles, London and Tokyo who "are driving the fashion industry all over the world." If we did national TV ads going after teenagers, they would turn us off. They would think we were uncool," he said.

"Teenagers have to discover the product. (Then) they tell their friends and it grows through a grass roots marketing effort" that Disney could never have developed on its own, he noted. Disney has licensed Alice and other Wonderland characters from studio art done by Mary Blair and David Hall for lines of fabric, tableware, carpet tiles, decorative pillows and throws, jewellery and clothing.

The Alice line will appear in high-end US shops such as Fred Segal, Drexel Heritage, Zelen, and specialty retailers starting next spring.

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Mortgage With A Latte?

WESTPACs latest move in the battle for mortgage market share yesterday, transforming branches into Home Hunt Centres, complete with baristas serving coffee and muffins.

Two Sydney shopfronts received a weekend makeover to coincide with the spring buying season. They were decked out as "dream homes" with picket fences, pot plants, letter boxes and even front lawns. Competition to sign up new home-buyers has reached intense levels as an increasing supply of lenders chase a diminishing pool of borrowers.

Although the housing market remains slow, lenders have been shaving interest rates, both fixed and

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to fight for their rights”, “I believe they are throwing Australian workers to the wolves. The Australian worker will be seriously disadvantaged. They will be exploited even more than they are now”, “How would you go? Still a worker, you have to negotiate for your time off, your sick pay, your holiday pay. You have to haggle and fight your boss for all of those things. Not happy”, “The current Government is trying to put the battler into a weaker position. Little Johnny just wants more power” and “They are taking away the right of the employee”.

Other respondents commented that the shift in power to the employer would place workers in a position where they could be taken advantage of, saying:

“I think workers will be disadvantaged by the changes, making them more vulnerable”, “I think everyone needs protection. Employers are definitely going to try to screw the workers”, “It’s unfair in the long run. It gives employers too much power”, “The everyday workers will be worse off and employers will have too much control” and “I am concerned about the intimidation of workers — deregulation of workers rights”.

Others who disagree with the proposed Industrial Relations reforms mentioned job security as a reason, with comments such as:

“The average worker won’t have a say in things. Job security won’t be what they say it will be”, “It seems like people can be dismissed for inadequate reasons”, “From what I have seen there is too much casual work and not enough permanent jobs — there is no job security any more — this will make it worse!”, “I think it is providing more room for employers to dismiss employees for minor reasons” and “It makes it difficult for a new generation to find secure jobs”.

Some respondents were concerned about the ability of employees to negotiate with their employer, saying:

“Not everybody has the capacity to negotiate with their employer”, “It will disadvantage the people who can’t argue their case”, “It is one thing for a professional or somebody in a white collar to negotiate a contract, but a blue collar worker may not have the skills to do so”, “It assumes that things are equal — and they’re not. The workers and the bosses don’t have equal rights or equal bargaining power in negotiations” and “They are getting rid of leave loading. People who are not savvy at negotiating will miss out on their entitlements”.

Of those who agree with the Industrial Relations reforms, many believe they will benefit Australian employers — particularly small business employers, with common responses being:

“I think it is going to make small businesses more competitive and is going to lead to less unemployment”, “Something needs to be done. Things need to be changed — it’s too hard for an employer to get rid of someone who’s not doing their job right”, “The reforms are there to protect small business — small businesses need protection” and “There are so many cases where small businesses have gone through really hard times because of employees making it hard for them”.

Many believed the reforms will help improve productivity and be beneficial to the economy, saying: *“It’s the way of the world — we have to become more competitive”, “Industrial Relations reforms are designed to improve productivity and living standards”, “I think the reform is needed in order to continue the good economic capacity Australia currently has” and “There are real pressures on any Australian business these days coming from Asia and China - meaning that we need to reform out Industrial Relations systems in order to become more competitive in a globalizing labor market”.*

Others who agree with the Industrial Relations reforms believe the Unions currently have too much power, with comments such as:

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"Unions have had too much power over the last 20-30 years — it has been detrimental to the workers", "The unions need their powers curbed", "I think the unions have quite a bit of power in some industries. Lessen the union power in those areas to make them more productive "and "I think the trade unions have outlived their original purpose and now business and small business in particular should be able to get rid of the people they want to".

This special telephone Morgan Poll was conducted on the evenings of October 12/13, 2005, with 662 respondents aged 14 and over Australia-wide.

<http://www.roymorgan.com.au/>

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eBay Addicts Turn To Rehab

The Priory rehab clinic in the U.K. is treating patients addicted to auction website eBay. Doctors at the London hospital, who usually treat the rich and famous for drug and alcohol problems, say some people have found the "high" of securing a bargain impossible to resist.

"Just as people become alcoholics, there is a percentage of people who are predisposed to becoming dependent, even to something like eBay," addiction expert David Nott said.

"Many are recovering drug or alcohol addicts looking for another way to get their high."

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South Australian Business and Innovation

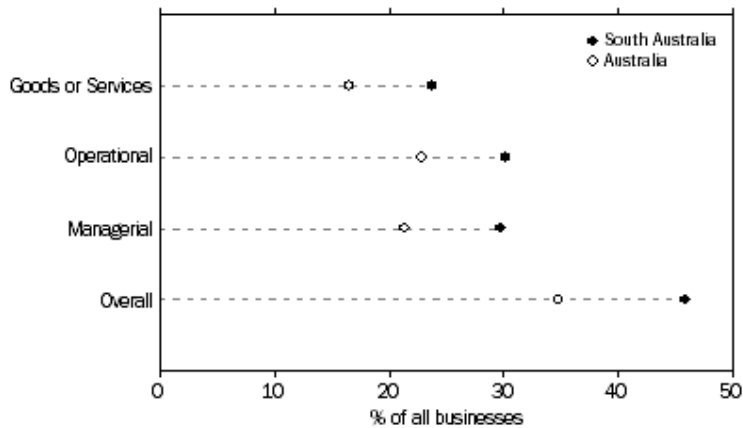
South Australia has the highest proportion of businesses undertaking innovative activity of any state or territory in Australia, with 45.9% of South Australian businesses reporting some form of innovation in the three years to December 2003, according to the data in 'Innovation in Australian Business' (ABS cat. no. 8158.0). This is much higher than the national average of 34.8%. All other states and territories range from 26.5% for Tasmania to 36.4% for New South Wales.

Innovation has been classified into three categories. In all three fields of innovation, South Australia was above the national average (see Graph 1, below).

- 1) A 'new good or service' means any good or service, or combination of these, which is new to a business.
- 2) A 'new operational process' is a significant change for a business in its methods of producing or delivering goods or services.
- 3) A 'new organisational/managerial process' is a significant change to the strategies, structures or routines of the business which aim to improve performance.

Graph 1. Types of Innovation Undertaken 2001-2003

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Only 53.8% of SA businesses which innovate consider that increased revenue is a driver of innovation in new goods and services, whereas nationally the figure is 61.0%. At the same time, more SA businesses undertaking innovation report that there are barriers to innovation (82.6%) when compared to the national average (75.5%). Only 42.6% of non-innovating businesses in South Australia reported that there were barriers to innovation (47.4% nationally). One reason for this may be that those businesses who had not undertaken innovation in the survey period had never undertaken innovation, so had never encountered these barriers.

The proportion of innovating businesses which perceive excessive economic risk to be a barrier to innovation is lower in South Australia (16.6%) than in Australia overall (24.4%). The way South Australian businesses finance innovation may contribute to this perception. On average only 60.9% of funds for innovation come from within a company, well below the national average of 75.5%.

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Cleanskins

Internet Wine merchant Cleanskins.com plans to expand overseas. Owner James Horne is trying to revolutionise the local wine industry. So only three years after his company, Cleanskins.com, began selling wine online throughout Australia, Horne is ready to take on the rest of the world. Horne describes himself as a technologist - not a wine salesman. I run a technology house," he says

Horne first dabbled in e-commerce and small business in 1996 when he started an online music company promoting Australian music. This took him all around the world and gave him hands-on experience but the arrival of the Napster music download system killed the idea.

Horne went about building an innovative web-based software solution for the struggling Australian wine industry. After developing an application service provider called WineASP, the business of Cleanskins.com has been selling wine online since August 2002.

What began as a self-funded, one-man operation with five wines and turnover of \$100,000 now has 35 wines and total sales of \$500,000 with four employees. Horne and his assistant work out of their original tiny office at a business incubator in Alphington, in eastern Melbourne.

Contact: www.cleanskins.com

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Articles

15 ways to stimulate your CREATIVITY:

1. Associate with diverse individuals
2. Spend time with children under the age of 6
3. Eat and drink different things
4. Try a new hobby
5. Fly a kite
6. Exercise stimulate endorphins)
7. Relax -blow bubbles,
8. Meditate
9. Go to a cultural celebration
10. Visit a museum
11. Walk in the woods
12. Visit a foreign country or watch a foreign film
13. Practice saying yes and why not to something new
14. Listen to music or an opera
15. Encourage creativity in yourself and others

Creativity killers:

1. There is only one right answer
2. Always follow the rules
3. Don't rock the boat
4. Don't make a mistake
5. Be practical
6. Become highly specialized

Excellence can be attained if you:

- Care more than others think is wise
- Risk more than others think is safe
- Dream more than others think is practical
- Expect more than others think is possible

Fifteen childhood characteristics that encourage creativity and innovation and that frequently get lost in adults:

1. Seek out things that are fun to do
2. Jump from one interest to another
3. Curious, eager to try new things
4. Smile and laugh a lot
5. Experience and express emotions freely
6. Creative and innovative
7. Physically active
8. Constantly growing mentally and physically
9. Risk often - are not afraid to keep trying something that they aren't initially good at and aren't afraid to fail
10. Rest when their body tells them to

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compensation. Set quarterly goals and develop an objective performance evaluation method that involves the COO, supervisors, and employees. Bonuses and raises tied to popularity, political savvy, and squeaky wheels are less effective than bonuses tied to productivity.

Respect, gratitude, and recognition should also be tied to performance and attitude. Don't treat employees who stroke their bosses better than conscientious and loyal workers. If you favour undeserving workers who flatter their superiors and play politics, conscientious and responsible workers may become demoralized, which could result in sloppy work. Supervisors at John's company began to track the progress of their team members, offering recognition and praise for good work and positive attitudes.

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The Future Of Branding

Sicco van Gelder

The traditional perception of branding has been shortsighted and has cast brands as being cynically manipulative. This is due to an overly skewed attention to one group of stakeholders, namely shareholders. It is time for brands to prove their worth to consumers, their guidance to employees and business partners and, as a result of these activities, their value to shareholders.

Why Branding May Be In Peril

Brands and branding are hot topics. It is almost impossible nowadays to open any serious newspaper or magazine (be they general or specialist) without coming across an article that touts the importance and value of brands. The arguments used to support this assertion generally run something like this: (1) Products and services have become so alike that they fail to distinguish themselves by their quality, efficacy, reliability, assurance and care. Brands add emotion and trust to these products and services, thus providing clues that simplify consumers' choice. (2) These added emotions and trust help create a relationship between brands and consumers, which ensures consumers' loyalty to the brands. (3) Brands create aspirational lifestyles based on these consumer relationships. Associating oneself with a brand transfers these lifestyles onto consumers. (4) The branded lifestyles extol values over and above the brands' product or service category that allow the brands to be extended into other product and service categories. Thus saving organisations the trouble and costs of developing new brands, while entering new lucrative markets. (5) The combination of emotions, relationships, lifestyles and values allows brand owners to charge a price premium for their products and services, which otherwise are barely distinguishable from generics.

If these are the arguments for branding then it is no wonder that brands are increasingly considered manipulative, exploitative and objectionable. With friends like these, who needs enemies? Branding appears to be aimed at short-term enrichment of corporations and their shareholders. Consumers are cynically duped into believing that they are purchasing goods and services that have qualities over and above those offered by competition, while in reality they are paying for fluff and hype. This view of branding is reinforced by triumphant stories, recounted by advertising executives and consultants, of how they helped turn their clients' watery fruit juice, boxy car or flimsy T-shirt into an instant success through a creative application of branding. It would seem only a matter of time before the masses catch on to this and the branded houses of cards tumble.

What Happened?

Some brands may indeed be cynically manipulative and aimed at grabbing as much money as possible

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while the going is good. Such brands, however do not offer lasting value to consumers or their owners. Many writers of articles about brands simply fail to separate causes and effects. This is not because they are dumb or uninformed, but mainly because they have become caught up in the whirlwind, that swept through the global corporate establishment during the past decade, called shareholder value. Simply put, this business principle means that no-one matters except for pension funds, financial institutions and people with surplus cash who wish to wager on the future value of a listed company. The experience during the last few years shows that these institutions and individuals are often not good at estimating such future value. As a result they have undervalued perfectly healthy organisations with esteemed brands and overvalued organisations with petty brands and lacking decent business models. This unfortunate situation has led even some of the healthiest organisations to develop brands without substance in the pursuit of higher share prices.

Consumers, however, are generally neither foolish nor short sighted and they have refused to be tempted by all the pointless excitement generated by such brands. Hopefully, this experience brings back the realisation that shareholder value depends on the willingness of consumers to purchase and use an organisation's goods and services now and to continue to do so in the future. The real value of a brand thus lies in its ability to persuade and please consumers. This does not necessarily mean that the best product or service (in a technical sense) will always win over consumers, but rather that the knowledge of what consumers need, how they behave, what they think, how they perceive value, and how they reason and decide defines such outcomes. Although none of this is new, the management of many organisations are so involved in meeting (short-term) shareholder demands that they are unable implement policies aimed at improving consumer experience.

Why Do We Brand?

The main reason why brands have been developed in the first place has to do with competition and subsequent increased consumer choice. However, contrary to popular belief, consumers do not desire choice per se. Choice is mainly a mechanism that allows consumers to obtain the products and services that they want at a price that they want to afford. As peoples' wants, needs and budgets differ, choice functions as a way to fulfil the requirements of different consumers. Thus, brands cater to this diversity. In some cases, choice is also a mechanism for consumers to gain information about developments (e.g. trends) in a product or service category, as is the case in clothing stores and shoe shops. This does not mean that choice does not also cater to a need for variety, something that helps bring colour to people's lives. However, variety is a fleeting affair and brands that are introduced merely to provide variety or as an alternative have little *raison d'être*.

This explains the demise of many foreign beer brands in China. Introduced during the 1990's, with the thought that Chinese consumers would lap them up as an alternative to dubious local brews, they withdrew within a decade. Foreign competition had spurred local Chinese brewers to improve their quality, bottling, distribution and advertising. Subsequently, Chinese consumers chose to remain largely loyal to their local brands, and to spurn expensive and irrelevant foreign ones. Only those foreign beer brand that were able offer rewarding experiences, distinct from those offered by local brands, are still active in China. Thus, the reason why we brand is that brands provide specific consumers with specific rewarding experiences. Experiences that make consumers happy to part with their money, and make them satisfied in the process.

If competition is the driving force behind branding, we need to understand the issues that face brands in the coming decade to be able to anticipate the future of branding. There are five major developments that are partly related to one and other (1) Progressive globalisation, which entails increasing economic, social, technological, regulatory and political interaction between societies across large parts of the globe. This process is not new but the pace at which globalisation develops intensifies with the introduction of the Euro, China's admission to the WTO, the prolific spread of the

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Internet and (mobile) telecommunications networks, and the worldwide development of mega-distribution power, to name but a few. Large parts of the world's population are affected by these changes. (2) Conversely, the ever-quicken pace of globalisation leads to the revival of local identity and pride among those affected. In many countries, this is expressed through a renewed historic awareness, national pride and a search for roots and authenticity. We are happy to reap the benefits of modernisation, but unwilling to commit ourselves to world citizenship. We cling to what binds us locally, underscoring our differences with other societies, shunning cultural homogenisation. (3) The economic developments that have been the effects of the deregulation of trade and industry in many parts of the world have led to an increase in educated and marketing-savvy segments of consumers across the world. This process is likely to continue with leaps and bounds, and will mean that consumers will become increasingly critical of what they are offered. This entails that consumers will seek out more tailor-made products and services, which affects the way in which these are produced. (4) The improvements in (basic) health services and the decline in birth rates in North America, Europe and large parts of Asia-Pacific have tremendously increased the number of aging consumers. This (often wealthy) generation has differing needs to younger consumers, as well as a wealth of life experience. (5) Finally, there is the emergence of what has been dubbed the Now Economy. Aided by an improved inter-operability of various kinds of IT systems (ERP, Supply Chain Management, CRM, e-commerce, GPS, etc.) organisations will be able to individualise consumer offers, develop profound consumer understanding, and optimise the consumer experience. How much of this is hype and how much is substance is difficult to determine at the moment. However, it is clear that such technological developments will become increasingly pervasive in our professional and private lives.

Implications for Branding

All these developments have the following implications for the future of branding. Branding needs to be increasingly consumer-oriented and driven by the readiness to provide individual consumers with worthwhile experiences. This implies investments in product and service innovation, consumer understanding, consumer-oriented ordering and delivery systems, and brand-based employee training and guidance. Brands will increasingly need to balance on the tightrope of modernisation and tradition. As more brands are stretched across borders, they will need to offer distinct value to consumers in competition with local and global brands with their own specific innovation power and market adaptation requirements (e.g. category, culture or needs-specific). Brands will increasingly need to prove themselves to sophisticated consumers. Not only brand claims will need increasing substantiation to consumers, but also the ethics and behaviour of the company behind the brand. This implies increased company transparency, which currently goes against the grain of most organisations

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Before You Write: Your 10-Point Checklist

In his book, *Mysterious Stranger*, magician David Blaine reveals the most important secret behind Harry Houdini's extraordinary death-defying escapes: obsessive advance preparation. While his audiences never saw the months of practice and planning, they would have found no magic to applaud if Houdini hadn't invested so much effort in his non-magical preliminaries.

Improve your conversion rate and landing pages without breaking your budget.

Stop guessing what's best for your website and how to convert browsers to customers. Quickly test



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different content -- copy, images, prices, and so on -- using a system we built and use ourselves. It's marketing science made easy. Take a look!

Recall Ability: Web Content Versus Print Content

Likewise, the secret to successful copy is in the all the thought, work and research you do before you write a single word. In the following 10 tips, I lift the curtain to reveal the backstage mechanics you can leverage for more effective copywriting.

1. Gather your proof points. These are all the tangible pieces of physical evidence, such as research statistics, units sold, customers satisfied and performance figures that reinforce your promises. Without this proof, broad claims for "innovation," "commitment," "quality" and "excellence" ring hollow and shallow. Innovators must be prepared to describe new products or features; those committed to quality should be able to measure their performance and show the results.

This tip comes first, not necessarily because it's more important than the other nine, but for the amount of time it may require to assemble the proof points you need within your organization. Start making inquiries now, then mull over the following nine points as you collect responses.

2. Answer, "What do you want readers to do next?" There's no point in communicating, whether through a Web page or a direct mail piece, if you don't have a clear idea of what you want prospects to do as a consequence of reading your work. Do you want them to buy something, register for an event, attend a workshop, remember a brand, shop somewhere, order an item, request more information... or something else?

The answer's important, because it will dictate both the form of your writing and its content. Even a marketing tactic as oblique as a bylined article has an intent: You want the reader to regard the author as an expert worthy of future consideration as a partner or vendor. Be sure your purpose is crystal clear.

3. Make an offer. Tell customers to do "x" to get "y": That's an offer. Yeah, yeah, I know—offers are germane to direct response marketing and not necessarily anything else. But good old-fashioned direct response methods are gaining ground even as its hipper cousin, brand advertising, is finding it ever harder to attract customer attention.

Learn from direct: Don't get so lost in the weeds of "creativity" that you fail to blaze a path to the sale. In mail, ads, Web pages, email or what have you, make your offer explicit—"Save \$25 when you renew today"—and be sure you tell customers exactly what they have to do to get it.

4. Listen to your customer's voice. Pretend you're eavesdropping on different conversations among investment bankers, whole-grain bakers and Harley-Davidson bikers. I think it's fair to say that you'll hear different vocabularies, different tones, different ways people articulate themselves. When you write for a specific audience, you're joining their conversation; imagine their voices when you're ready to work, then write the way they speak.

5. Look for testimonials and endorsements. You can take the previous tip and take it to its literal extreme by directly quoting customers themselves. After all, their opinions carry far more credibility than yours or your company's. In many cases, organizations are sitting on testimonials or endorsements they forgot they have collected. Ask for them—you might just find a few precious nuggets you can weave into letters, collateral, Web pages and more.

6. Maintain brand identity. Just as graphic designers have to constrain their efforts within the color

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templates and design schemes that are part of an organization's visual brand identity, writers have to stick to the brand's fundamental marketing messages and positions. Otherwise, conflicting messages will dilute the brand—and your boss (or client) will throw you out on your ear. If the company's brand identity is built on "authority" and "years of experience," don't waste time with cheeky copy or irreverent humour.

7. Focus on one thing. I recently worked with an engineering company that has many talents. They do design. They supervise construction. They serve as expert witnesses in litigation. In fact, they do so many things so well that it was hard to craft a coherent message that wouldn't confuse potential clients. In the end, we agreed on a common theme: They solve problems that stump other engineering firms. In doing so, we had to elevate some elements of the message, such as "problem-solving," while subordinating others, like "design."

This winnowing process may be painful—we all prefer to say as many good things about ourselves as we can—but it's absolutely necessary. Messages that are too broad disintegrate like powdery snowballs and never reach their targets. But a focused message is like a rifle shot—powerful because it is precise.

8. Anticipate objections. Put yourself in your prospects' shoes and consider the obstacles between them and the sale (or your message). If your company is unfamiliar to them, they may proceed with distrust. If they've been burned before, they'll be hesitant to act again. If they can't understand the topic at hand, they'll turn away from you in frustration. And if the message is confusing, they'll simply stop reading.

Your job is to anticipate these and other potential objections—then create countermeasures to correct them. When your product is unfamiliar, perhaps you can use testimonials to reinforce your credibility. Where there's a whiff of risk, emphasize your money-back guarantee. Is the topic complex? Simplify it. For every possible hurdle, apply the rhetoric and marketing tactics you need to get customers over the humps.

9. Understand your limitations. Marketing is the art of the possible, of doing the best you can within predetermined budgets and timeframes.

10. Set your benchmarks. What are you aiming for? Responses? Sales? More Web visitors? Requests for more information? You have to know your targets before you aim your copy. Otherwise, it's impossible for you to measure the success of your efforts. And to make the adjustments needed to improve your work.

In sum: Ready, set... stop. Before you write a single word, make the advanced preparations that make marketing magic possible.

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Microsoft's nightmare closer to reality?

As early as May 1995, three months before Netscape Communications' initial public offering sparked the dot-com boom, Microsoft executives were worried that the nascent World Wide Web could one day become a significant threat to the Windows franchise.

In an extensive memo called "The Web is the Next Platform" that was introduced as evidence in Microsoft's antitrust trial five years ago, Microsoft engineer Ben Slivka described a "nightmare" scenario for the software giant.

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"The Web...exists today as a collection of technologies that deliver some interesting solutions today, and will grow rapidly in the coming years into a full-fledged platform (underlined for emphasis in the original memo) that will rival--and even surpass--Microsoft's Windows," Slivka wrote.

What's new:

A decade ago, Microsoft worried that the Internet could become a software platform that threatens Windows. Ten years later, that amorphous nightmare has a name: Google.

Bottom line:

Microsoft isn't in danger of falling apart anytime soon: The Windows monopoly, Office desktop suite and Exchange e-mail system give the company plenty of money to battle the threat. But it's fair to say Microsoft's hammerlock is loosening.

Microsoft, however, didn't heed the warning. Instead, it embarked on a strategy--championed by Jim Allchin, who today heads up development of the next version of Windows--that was fanatically focused on the operating system.

Fast-forward 10 years: The nightmare is inching closer to reality and Microsoft execs are apparently paying attention to the decade-old alert. As part of a management shuffle, Microsoft said Tuesday it would make hosted services a more strategic part of the company and fold its MSN Web portal business into its platform product development group, where Windows is developed.

Another memo, called "Google--The Winner Takes All (And Not Just Search)," is also making the rounds. This internal memo, written in 2005, argues that Google threatens Microsoft and the company's crown jewel, Windows.

Just about the only thing that's changed over the last decade is that Microsoft's amorphous nightmare has a name: Google.

The MSN shuffle and that familiar-sounding memo come just as Google is poised to become the biggest threat to Microsoft's hold on the tech industry since Netscape shipped its first browsers. More than a few analysts believe that Google, with its massive array of networked computers and Web-based software, is rapidly expanding beyond its traditional search business and is about to collide with Gates & Co.

Google has about \$7 billion in the bank to fund this fight. And it's already stealing the tech limelight from Microsoft--and significant mindshare from developers. Indeed, Google even managed to snag some top employees away from Microsoft, a trick Microsoft performed on its rivals countless times in the 1980s and '90s.

The MSN shift also brings full circle an argument that began inside Microsoft a decade ago: If the Web, not the PC, is indeed the next computing platform, should Microsoft embrace it wholeheartedly, or do everything in its power to ensure that Windows stays at the center of the computing universe?

"Google threatens Microsoft's position on the Internet, and could potentially lock Microsoft out of its existing distribution channels and reduce the value of Windows."

--2005 memo written by several Microsoft executives

A group of pro-Internet "doves" led by then-executive Brad Silverberg and Slivka argued in the mid-1990s that instead of digging in on the PC, Microsoft should beat its rivals by becoming the dominant platform for Internet computing, according to the book "Breaking Windows: How Bill Gates Fumbled the Future of Microsoft," by David Bank.

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Ultimately, executives such as Allchin, who plans to retire once Windows Vista is shipped, won that internal debate. The Internet Explorer browser was folded into Windows; a separate unit dedicated to Web development tools was merged with other product groups; and nearly all of Microsoft's Web technology development was tied to the Windows platform.

It's hard to say, given what happened in the following years, that it was a bad decision. A badly bruised Netscape was acquired by America Online. AOL, back then a major threat, lost its importance. And from fiscal 1997 to the end of fiscal 2005 in June, Microsoft's annual revenues grew from \$11.36 billion to \$39.79 billion. Net income nearly tripled to \$12.25 billion annually.

What those executives couldn't have seen back in 1997, however, was that a search engine recently developed by graduate students in a Stanford University dorm room would by 2005 become Google, a Net powerhouse on its way to doing better than \$4 billion per year in business.

"Microsoft is facing a whole new slew of competitors in the 21st century that weren't around five to 10 years ago," said Michael Gartenberg, an analyst at Jupiter Research.
newsmaker

Gates on Google

Microsoft's chairman says the search giant is enjoying "the biggest honeymoon I've ever seen." Today, Google is taking a page from the Microsoft playbook for tech dominance. It's wooing the third-party software developers who for years have written their programs for Windows--and increasingly are Google's Internet services as part of their Web applications. It's also luring some of Microsoft's top minds, including the controversial Kai-Fu Lee, an expert in speech recognition technology, and Adam Bosworth, a former Microsoft programmer extraordinaire who came to Google by way of BEA Systems.

Microsoft, it seems, is faced with a classic "innovator's dilemma," as author Clayton Christensen put it in his groundbreaking book that defined why tech giants usually miss the next wave of innovation. Microsoft execs made what looked like the right decisions at the time. As a result, the cash came in. The core product, Windows, became bigger and more complicated, and getting updated versions became harder to get out the door.

Plotting the counter-offensive

The burden of that success, as the theory in the book goes, makes it harder to respond to the next generation of tech innovators. Years ago, Microsoft and Apple rattled IBM. Now Google, some believe, has a chance to rattle Microsoft by providing a cheaper, easier-to-use alternative. "Every other time Microsoft was attacking from below," said one former executive. "Now (Microsoft) is being attacked from below and they don't know how to deal with it."

The Microsoft reorganization makes it clear just how seriously CEO Steve Ballmer and Chairman Bill Gates take that threat—even if they won't exactly say it. "We've had lots of competitors in their honeymoon phase," Gates said about Google in a recent interview with CNET News.com. "But I'd say, in some ways, this is the biggest honeymoon I've ever seen."

Yet MSN's new prominence makes it clear that Redmond is focused on bringing a Web platform closer than ever to the operating system, analysts said.

MSN could be what Windows could never be: a Net platform that allows developers to write and distribute their code quickly. Patches and upgrades that take weeks or longer to distribute with traditional software can be done overnight, simply because they're all under the same umbrella. By comparison, the successor to Windows XP, introduced in 2001, isn't due until next year.
Redmond's grip loosening

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In fact, MSN has already been used as a vehicle for shipping Windows features, said Rob Helm, director of research at the independent research firm Directions on Microsoft. The search service in Windows Vista, for example, shipped earlier as MSN Desktop Search. In addition, Internet Explorer features, like tabbed browsing, and protection against phishing techniques--in which online scammers entice unwitting Internet users to log on to fake Web sites that steal their information--shipped first through MSN, Helm added.

special report

Search and destroy

In 2003, it was already evident that Microsoft's Windows plans were leading directly to search king Google.

Not all that long ago, Microsoft execs were saying Internet Explorer updates were inextricably tied to Windows updates. But the most recent version of the browser shipped ahead of Windows Vista so, some analysts believe, Microsoft could keep pace with the upstart Firefox browser.

"MSN has become, bit by bit, a channel to get stuff out from a Windows organization that otherwise was kind of blocked by their rather difficult delivery process" that can be slowed by traditional sales channels, he said.

Of course, Microsoft isn't in danger of falling apart anytime soon. The Windows monopoly, the Office desktop suite and the Exchange e-mail system give Microsoft plenty of money to fix the problem. And it's not as though tech giants disappear into the night: IBM, after several years of scuffling, reinvented itself as the tech services king.

But it's fair to say that the hammerlock Microsoft has had on tech for better than a decade may finally be loosening. Increasingly, Web surfers are finding alternatives to the PC for their Net access. And no competitor, not even Netscape, has captured the public's imagination the way Google has.

The memo now circulating shows that Microsoft execs are well aware of the search giant's impact. "Google threatens Microsoft's position on the Internet, and could potentially lock Microsoft out of its existing distribution channels and reduce the value of Windows," the memo said, according to The Wall Street Journal. The Journal first reported on the memo Thursday. Microsoft, the memo said, was playing "an expensive game of catch-up."

Now the battle is intensifying, and MSN is an ideal launch pad for Redmond's counter-offensive. Last week, rumors swirled that Microsoft would acquire AOL or enter into a partnership that could have AOL using MSN's search engine and effectively swiping Google's single biggest source of revenue. Neither company has confirmed the rumors.

"MSN will be higher profile, and it will also be better leveraged," said David Smith, an analyst at Gartner. "There is a lot of good technology and a lot of assets over there that can be leveraged."

Up to now, MSN has struggled to find its niche within Microsoft. It started out in the Windows group when Windows 95 launched. Later, it was positioned as a competitor to AOL's proprietary service and bundled dial-up Internet access. It even once featured MSN TV.

"Few products at Microsoft have gone through so many strategic identity shifts over the years as MSN has," said Jupiter's Gartenberg.

MSN finally reached operating profitability two years ago because of an increase in online advertising, particularly keyword search sales. That brings it to where it is today: a well-traveled property whose time may have finally come.

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While analysts praised Microsoft's new MSN vision, they said the devil will be in the details that Microsoft hasn't offered many of yet. Gartenberg predicted that MSN's instant-messaging service, for one, will become part of the Windows environment.

"There is no doubt that whatever Microsoft will be offering vis-à-vis MSN, and how MSN goes forward, it is going to be strongly integrated back into the whole Windows platform," he said.

Added Gartner's Smith, "I think you are seeing the beginning of Microsoft kind of getting themselves set for the redefinition of platform--the era we are calling the second Web revolution."

What remains to be seen is whether Microsoft is able to do battle with Google as successfully as it did with Netscape

The term "mass customization" was born in 1987 in Stanley M. Davis' seminal book "Future Perfect." As Davis explained, before the Industrial Revolution business was confined to a localized market, where producers of goods and providers of services generally operated within limited geographical boundaries. (This harkens back to a time when "marketplace" actually meant a place with a market, not the cafeteria section of Marshall Field's.) After the Industrial Revolution, mass producers began to standardize goods and services and that supply created its own homogeneous demand.

But in order to gain a competitive edge, some organisations decided to splinter off from this homogeneity and attempted to lure specific types of customers through target marketing. In the auto industry, for example, General Motors' Alfred Sloan segmented the mass market based on socio-demographic factors, focusing instead on a range of minor markets -- Cadillac at the high end, followed by Buick, then Oldsmobile -- in effect activating the idea of the market niche. As a subset of mass production, the market niche directed a more specialized product to a more specialized group of customers. The next phase, as Davis saw it, would shed the mass-production mentality of both the supplier and the demander and would replace it with an enlightened new-growth strategy called mass customization. Fifteen years later, Metropolis magazine highlighted it as the No. 1 design idea for the 21st century.

Since the Industrial Revolution, much of what defines American culture has rolled off assembly lines and directly into our lives with little resistance. But as mainstream society consumes more and more assembly-line culture, both things and people begin to look, sound and act the same, averaging out to some C-grade consumer mentality. In the early 1940s, when American assembly lines pumped out everything from cars and toothbrushes to tanks and missiles, philosophers Theodore Adorno and Max Horkheimer began writing about what they dubbed the "Culture Industry" created by and through mass production. In "The Dialectic of Enlightenment," Adorno and Horkheimer argue that "under a monopoly, all mass culture is identical." In other words, the production of culture is dictated by a few, yet consumed by all. Everything is for sale, and it is our own complacency in the system, the fact that we literally "buy into it," that perpetuates this commodification. Culture has come to replace cars on the assembly line.

But if mass customization is dictated by a few and consumed, in theory, by one, does it somehow invert (or at least distort) this idea?

First of all, the term is inherently oxymoronic, and this is not something to be overlooked. When I slipped and said "mass customization" to Karen Burbano, there was a pause of uncertainty and then a very cautious reply, as if I had blown my undercover Levi's investigation and they would be exposed as purveyors of the same old shit, just with more rhinestones. Levi's claims to deal in "customization," not "mass customization," yet there are rules in place to maintain both a timely tailoring schedule and prevent a misrepresentation of the company. When I brought up the time I worked for Ben & Jerry's and had to customize an S/M cake complete with a chocolate-icing whip and cake-cone handcuffs, I was told that there are limits to what Levi's will customize. "Nothing pornographic or with questionable



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language," Karen replied. "And nothing that isn't Levi's."

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