

**11** COOL NEWS  
*Brand identity drives growth for **Burt's Bees, Dunkin' Donuts and Harley-Davidson.***

**12** WHITE PAPER  
***Culture of Shopping** | A new study of shopper culture examines the role of shopping in everyday life. By **Meg Kinney.***

**16** WHITE PAPER  
***Ten Years After** | It's been ten years since Tom Peters declared women's economic clout, but most marketers are still in the dark. By **Dori Molitor.***

**20** COMMENTARY  
***Brands in the Balance** | For consumers, being green is not a fad. It's a seismic, long-term shift in self-definition and behavior. By **Russ Meyer.***

**30** FIELD REPORT  
***Path to Purchase** | Forget about brand identity. It's all about the shopper's identity. By **Al Wittemen.***

**32** WHITE PAPER  
***Branding at the Core** | Five steps to unlock your brand's identity and unleash business growth. By **Karen Strauss.***

**34** COMMENTARY  
***Micro-Communities** | Social networks should take notes from Ian Schrager and the Delano Hotel. By **Bradley Kay.***

**36** CASE STUDY  
***Mega Cultural Connection** | Lego's top competitor changes the game with a mom-inspired manifesto of creativity for kids. By **Scott Goodson.***

**38** RESEARCH REPORT  
***Chain Reaction** | How Wal-Mart is changing the supermarket business and why it means more work for you. By **Chris Hoyt.***

**41** COOL BOOKS  
*A roundup of current releases of interest: **What Really Matters, A Culture of Improvement and The Cigarette Century.***

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“Old” media aren’t dead,  
but they sure smell funny.

# Tune-in, Opt-Out

## Are “new” media really any different from “old” media?

**Jim Garrity:** Yes, most dramatically and increasingly over time. Back in the days of three networks and no remote control, television was a very passive medium and there was allegiance to channels.

Today, we’re seeing the power of new sources of information, content and entertainment, through these massive communities that are being built and user-generated content, which seem to go hand-in-hand.

**Chuck Fruit:** From the consumer standpoint, new media are much more responsive, interactive, and provide content that is more relevant, while affording much greater control.

From an advertiser’s perspective, new media offer a lot more flexibility in terms of the messages and brand experiences we can provide to the consumer.

In most instances, the results are more measurable, and therefore they afford advertisers greater

accountability. And from an investor’s standpoint, there are new and multiple revenue streams that didn’t exist in the old media.

**John Gilbert:** As advertisers, we tend to use both “old” and “new” media the same way, but the massive difference is opt-in versus opt-out. In the old media model, the consumer didn’t have the

through two or three commercials that you can’t opt-out of. I think that’s a failed business model.

**Steve Pinetti:** New media are very different. In particular, the advent of search on the web has allowed Kimpton a huge amount of traction because people are now able to go out and customize what it was they were looking for.

*The winners will be those with content franchises who figure out how to make their content work seamlessly across platforms.*

JIM GARRITY

freedom to opt-out. With digital media, the consumer has the ability to opt-out for the moment, or opt-out on a permanent basis if they use TiVo, for example.

Unfortunately, most advertisers are still using the old model, which assumes that you can’t opt-out under any circumstances.

So, you see things online where you can watch your favorite TV show but first you have to sit

So, all of a sudden, online search has allowed us to get out from behind the Marriotts, the Hiltons and the Westins, who could just tsunami radio, TV, newspapers and magazines with the kind of dollars for advertising that we’ve never had.

But we’re at a point now where the amount of business that comes from our websites is equal to—if not a little bit ahead—of all the big-name hotel companies and

## A ROUNDTABLE FEATURING

Jim Garrity  
Wachovia

Chuck Fruit  
The Coca-Cola  
Company

John Gilbert  
TJX Companies

Steve Pinetti  
Kimpton Hotels &  
Restaurants

brands that are out there. New media can be personalized, and that's the difference.

### Which of the "old" media do you think has the greatest future potential?

**Garrity:** Some form of TV has the greatest future potential because people really do enjoy the audio-video experience. The technology is making that more enjoyable, entertaining and lifelike.

The winners will be those with content franchises who figure out how to make their content work seamlessly across platforms.

There is no easy way to do that right now. Both the networks and the hardware manufacturers really need to make it seamless. The idea would be to have a central device that stores all of your content from the web, cable or broadcast, and then serves it to multiple high-definition screens and audio video systems around the house.

**Fruit:** First, I would say community newspapers. If they're able to transition to the electronic production and distribution of their content, and at the same time offer the consumer customized products that more closely fit their individual interests and lifestyles, they can attract a growing and loyal audience that can be monetized in any number of ways.

Another one is out-of-home advertising. Digital technology is increasing out-of-home advertising's ability to be contextually relevant. More and more, it's possible for the message to be changed by neighborhood, time of day, day of week, etc., which wasn't possible pre-digital.

The other old medium that has a great future is direct mail, because the skills and a lot of the practices of direct mail are at the heart of one-to-one, permission-based e-mail marketing today.

**Gilbert:** It's still going to be broadcast entertainment. The rich environment of rolling-stock pictures or video will offer the most potential simply because it carries the most information relative to consumer expectations as well as the needs of advertisers.

But at some point "television" in the traditional sense is no longer going

### *We are running out of quality impressions because consumers are able to control more and more of what they see and hear.*

JOHN GILBERT

to make sense as an advertising medium. We are running out of quality impressions because consumers are able to control more and more of what they see and hear.

**Pinetti:** When it comes to spending money when I go into a brand-new city, I'm inclined to use radio because it's affordable and I can cover a lot of ground.

I can get on the radio for two, three or four weeks at a pop with an on-air contest. Maybe I'll have some mannequins dressed up in our animal-print robes in cool places around town, and the first twenty people who call in every morning for a week get a weekend at the hotel.

I see it pay off in immediate local awareness whenever I've done that kind of thing. In most cases, that same budget would maybe buy one ad in *USA Today*.

### Should "new" media be measured differently than "old" media?

**Garrity:** That really isn't the right question. The right question is, shouldn't *all* media be measured differently? The answer is, there are techniques evolving that allow you to do that. As the technology converges and new media and old media tend to morph across platforms, particularly with digital addressability, all media should be much more measurable and accountable.

TiVo can tell you, second-by-second, how many people watch a given program. What they do is aggregate the data in terms of which commercials are watched the most, which are skipped the most, and which content gets the greatest viewership. That would create a very powerful, accountable way for people to pay for media as opposed to the way they pay for it today, which is ridiculous.

**Fruit:** All media are increasingly going to be measured on the business outcome they deliver, rather than on just gross audience numbers or outputs, as has traditionally been the case.

Advertisers are going to continue to migrate their dollars to those media that can most directly demonstrate the business return that they produce. That's from search results all the way over to

measuring commercial ratings, versus program ratings.

**Gilbert:** The more fragmented things become, the more difficult it is to measure them on an aggregate basis. So, we are going to have to measure on a “per something” basis, which means measuring real impact, which you can’t do with “old” broadcast media.

I mean, honestly, I really don’t care about GRPs or TRPs. I care about sales. And yet I’m faced with a perennial model of how we performed against our budgeted GRPs, including “make goods” in case we didn’t meet expectations. But that’s not really what I’m after. Measuring “new” media is much more straightforward.

**Pinetti:** I don’t know if the media of the future is measured any differently. I do know I’m always tracking our return-on-investment. You put in an 800 number if it’s a radio ad or you put in a link if it’s an online ad.

## What is the potential of social networks as media?

**Garrity:** The potential is very significant. In terms of how marketers could use social networks, I think some really smart marketers will figure that out. Maybe some already have.

If it’s going to be viral, you’ve got to live in the space and earn the respect for your brand. You can’t create it on your own. The community needs to create the buzz and the brand affinity.

I’m impressed with Facebook and think it provides enormous marketing potential, especially for entrepreneurs in smaller companies.

**Fruit:** Social networks can be used as advertising platforms, but I think it’s imperative that advertisers have a clear understanding of the nature and the basis of the relationship of the

So, it’s almost better to think of the marketing opportunity in social networks as a sponsorship opportunity more than an advertising opportunity.

If the sponsors can find a way to be present and enhance the consumer’s experience, then they’ll be successful. If they’re just delivering a message because they feel they have a captive audience they’ll pay a penalty.

**Gilbert:** Social networks are going to bring us back to a place where word-of-mouth is the dominant theme in advertising. It’s kind of like where we started back when P&G invented the soap opera.

In some ways that was an evolution away from word-of-mouth, but it took on a similar look-and-feel — either with celebrity endorsement or just by visiting people’s living rooms every day with wonderful stories along with a few words about Tide Detergent.

But, frankly, you’d better have the goods. If you’re ordinary or below ordinary or average or have an inferior product — look out. I really think there’s big risk in social networks for people who aren’t getting it right.

**Pinetti:** The potential of social networks is pretty powerful. Quite frankly, it’s a little scary to me because all I need is for one guest to have a bad experience and go tell the world about it. Nobody ever see the apology or the right story; they just see the initial blast.

Social-networks are not a showstopper yet, but they’re clearly gaining more and more traction and importance.

It’s not something that we’ve jumped into yet, although we’re watching, and we think it’s important.

## *Social-networks are not a showstopper yet, but they’re clearly gaining more and more traction and importance.*

STEVE PINETTI

We’re really big on the idea that if you can’t track it, you can’t do it. All media should be measured. When I do go out there with radio promotions, I may be giving away three romantic weekends, but the goal is to sell forty at a great price.

If I sell those forty, then I know that the promotion worked because the only place I’m selling is on that radio station. The monies I have to put out to get there in the first place are more than justified by the business that I book on the back end. But you definitely have to track.

individuals who are involved in that network.

And then the role of the advertiser is to find a credible and practical way to enhance the online user’s experience within that social network.

Unlike traditional media, where there is at least an implicit understanding from the consumer that having to put up with advertising is the price they pay for free programming content, that kind of understanding doesn’t exist in a social network.

## What's the most surprising thing you've learned about media over the past five years?

**Garrity:** For me, it's just how slowly the new media is being embraced. Developments are happening at lightening speed. But in terms of mass media embracing the new technologies, the new opportunities just seem to be at a snail's pace compared to how fast everything else is moving.

## Digital technology is increasing out-of-home advertising's ability to be contextually relevant.

CHUCK FRUIT

I'll give you an example that hits home with me. About seven years ago, I came across a company called Visible World. Basically, they offer a menu-driven system that assembles as many as 100 or 150 elements of a TV commercial into a 30- or 60-second spot based on zip-plus-four data. In most neighborhoods, that gets you to a pretty common set of demographics in terms of age, income level and so forth.

They would end the commercial with an offer, and they had some incredible metrics in terms of how well it worked. The fact that Visible World is not well known today in the marketing community says to me there's something about this I don't fully understand. For me, that's the surprise.

**Fruit:** I was asked a few years ago by my management whether "media" is an art or a science. What I've learned is that it's a blend of both.

While metrics, analytics and modeling can play important roles in building successful media campaigns, often there are qualitative considerations.

We need to understand how consumers are going to respond emotionally to campaigns, and some intelligent risk-taking is needed.

**Gilbert:** I continue to be surprised by the resilience of TV, and its ability to charge what it does for what it offers. It's remarkable. Granted, it's hard to broad-brush TV because there are terrific things on TV.

Discovery Channel's latest *Planet Earth* series is a classic example of absolute brilliance. And I can't argue with *American Idol*. But I'm still amazed by a business model that continues to struggle offering value.

Let's say the value is static (which I don't think it is) and share is declining. I understand the metrics of having no place else to go. But I'm surprised by TV's resilience.

**Pinetti:** The most surprising thing I've learned about media over the past five years is that I can dive into niches and really, really micro-market to weekend people, mid-week people, fourth-quarter people, low-season people — and then specific demographic or psycho-graphics profiles, as well.

Because of the web, people now have the ability to opt-in to learn more about our pet program, LGBT affinities and programs, and our social values, for example.



**JIM GARRITY** is a former CMO of **Wachovia**, which he built into a national powerhouse brand. Previously, Jim repositioned Compaq as its vp of communications. He began his career in sales, at IBM.



**CHUCK FRUIT** is senior advisor for marketing strategy and innovation for **The Coca-Cola Company**, where he previously was CMO. Chuck also spent 15 years at Anheuser-Busch as vp and director of media and sports marketing.



**JOHN GILBERT** is CMO of **TJX Companies**, which operates T.J. Maxx, Marshalls, and other stores. Previously, he was vp marketing for Dunkin' Donuts, CMO of KFC, and svp marketing at Carlson Restaurants Worldwide.



**STEVE PINETTI**, as svp of sales and marketing for **Kimpton Hotels & Restaurants**, oversees all advertising, public relations, CRM and eCommerce activities. Steve began his career in sales and marketing with Hilton and Hyatt.

Right now, we're going through a big survey of our guests to try to narrow down what would be the seven or eight most valuable niches or pieces of information that people would find useful.

We'll develop a database behind those interests and then put out a newsletter. But instead of one newsletter going out to everybody, we'll have specific information go out to the pet owners or to the LGBT folks or to the people that are manic about our environmental program.

It's not as though we couldn't have done that in the past, but it's so much easier and more efficient, because of online technology, to do it today. ■