



No kidding around

Marketing has never faced as many challenges as it does today, and when the audience is young and hip, the job doesn't get any easier. Here's how some Kellogg alums are staying ahead of the cool curve as they try to appeal to some of the most savvy customers

By Aubrey Henretty, Kellogg World Alumni Magazine, Spring 2006

As today's marketers plunge headlong into a sea of new media, new competition and unprecedented consumer power, they may be tempted to long for simpler decades when cable channels numbered in the mere dozens and "Google" was not yet a verb.

How soon they forget.

In a 1990 piece about the far-reaching ramifications of **U.S. TV culture***, novelist and essayist David Foster Wallace described the late-century marketer's scramble to hold the interest of remote-wielding everyman, Joe Briefcase:

"The VCR, with its dreaded fast-forward and zap functions, threatens the very viability of commercials. Television advertisers' entirely sensible solution? Make ads as appealing as the programs. Or at any rate try to keep Joe B. from disliking the commercials enough that he's willing to move his thumb to check out 2 1/2 minutes of "Hazel" on the Superstation while NBC sells lip balm."

If marketers in the 1980s and early 1990s took pains to command the attention of fickle Joe Briefcase, 21st-century marketers really have their work cut out for them with Joe Jr. — Joe Backpack — a younger, savvier version with even more media to choose from and an even shorter attention span than his forefathers. Young Joe, who may for marketing purposes be 15 or 35 or anywhere in between, has the Internet, a personal digital assistant, a cell phone and, thanks to gadgets like TiVo, more commercial-zapping power than ever. And like Wallace's Joe Briefcase, young Joe and his peers "have no memory of a world without such electronic definition."

They can, in other words, be pretty tough customers.



Midway's 2004 best-seller, "NBA Ballers"

"Skepticism is at an all-time high with this group," says Kellogg School Marketing Professor **Julie Hennessy**, noting that in addition to being inundated with advertisements since before they could speak in whole sentences, members of today's golden youth demographic have grown up with a staggering array of consumer options.

According to a March 2005 study by the Kaiser Family Foundation, average young people (ages 8-18) spend 6 hours and 21 minutes a day consuming media — that is, watching television, listening to music, playing video games, using the computer recreationally and reading for pleasure. Sixty-eight percent have television sets in their bedrooms

and 51 percent live in homes where the TV is on almost constantly, regardless of whether anyone is watching.

In the media-saturated young person's world, traditional methods of gaining exposure and loyalty for a product are running out of steam. No longer does the snappiest TV commercial (likely to be zapped or ignored in favor of some other immediately accessible medium) or even the most tenacious Internet pop-up ad (now universally despised and filtered) necessarily win hearts and minds.

"Marketing has to be more subtle," says Hennessy, and more narrowly focused. As evidence, she points to the success many companies have found in opting consumers into the product development process. Where once there were twice-yearly focus groups, there are now 24-hour online feedback centers.

"They say they don't like advertising," says Hennessy of the youth demographic, "but if it meets their needs, they ignore all that." Consider the smashing success of Apple Computer's breakthrough portable MP3 player, the iPod, whose advertising campaign has been such a hit that even the iconoclastic, thrift-store-frequenting Adbusters reader can be seen sporting the iconic white earbuds in public.

"None of these people complain about the marketing of the iPod," Hennessy says.

They also don't complain about advertisements from Urban Outfitters. There are none to complain about. Urban doesn't do commercials, billboards or pop-up ads, says **Teresa Lee '02**, the company's manager of strategic planning. In fact, Urban doesn't advertise at all outside of its Web site, its opt-in catalog — of which there are more than 10 million in circulation — and its retail stores. So what's the firm's secret?

"I don't think it's any one thing that you can really point to," Lee says. Above all, though, she emphasizes the importance of forging an emotional connection with the customer, which she says the company accomplishes through a number of means. For example, Lee says most of Urban's marketing research takes place not in clinical focus groups, but right in the stores, where the marketing team sends representatives to help with big projects like display design, to observe the ways customers experience the environment and interact with store employees and to engage the customers directly.

"At least with fashion, [marketing] is a little bit different," says Lee. "You have to listen to your customer, but you're also informing the customer."

Though the boutique may be an irreplaceable institution of the cutting-edge fashion industry — the only place a hip youngster can find the right fit and color scheme prior to purchase — the Internet has begun to loom menacingly over retailers in other industries, threatening to displace them if they fail to harness its power.

Paul Koulogeorge, vice president of marketing at EB Games, a chain of video game retailers, is well aware of the challenges he faces: "The Internet allows consumers to quickly find the cheapest price for everything," says the 1992 Kellogg School grad, "[so] why should a brick-and-mortar store even exist?"

But Koulogeorge contends that the physical store is a crucial component of EB Games' success, another way to build credibility and foster loyalty with young consumers. It's important, he says, to run the stores for the target audience — the kids — as opposed to their older family members. To that end, the company only hires store managers and employees who are fanatical about the games they sell, and it encourages them to display any tattoos and body piercings with pride.

"When we made that decision, says Koulogeorge, "we clearly sacrificed those moms, dads and grandparents," but the company gained valuable credibility in creating a space where its young patrons would be comfortable.

Koulogeorge says that for all the marketing energy that goes into the retail stores, there is an equal push on the Internet. In addition to maintaining a fully serviceable online version of its retail store, the company uses the Internet to obtain feedback from its most loyal customers, who are rewarded for their time with early access to new games.

Koulogeorge says respect and open communication are the surest paths to his customers' hearts: "If you have a good relationship with this age group, they'll let you know if you make a mistake."

Though, he adds, sometimes "the language they use would flip your head."

Jerry Liu TMP 1999, also in the business of video games as manager of strategic planning at Midway Amusement Games, is less focused on the Internet right now. "We do advertising online," he says, "but it's still not a big chunk of our dollars. Without a doubt, the biggest portion of our budget goes to TV." Liu points out that most teenage boys — long the most avid video-game players — still watch plenty of TV and don't have fancy ad-zapping gadgets in their bedrooms.

Midway dates back to the video-game equivalent of the Stone Age, when single games occupied machines as tall as members of the company's former customer base — the grown men who owned the arcades.

"Now it's a completely different ball game," Liu says. Getting young people interested in Midway products is "almost like [marketing] a movie or any other form of entertainment."

Different, and maybe not quite as grueling: "It's one thing to make cheese exciting, right?" says Liu. "But video games are kind of the in thing right now."

Paul Earle '99 has a somewhat more unusual take on the "in thing." As president and founder of River West Brands LLC, he is a brand revivalist, a man whose job it is to find a product that used to be popular but has dropped off the radar and then restore that product to its former glory. Since its inception, the company has acquired and redeveloped a number of once-hot brands and rekindled the flame beneath them.

"A good brand may hibernate," Earle says, "but it never dies."

Making over old brands for new audiences can be tricky business, but when it comes to attracting the young and skeptical, Earle says there's no substitute for authenticity.

"Kids are typically far more knowledgeable and sophisticated than they may appear at first blush," he says. "If you talk down to them, it's all over.Š they can sniff out condescension in nanoseconds, and you've lost them. If you're not authentic and sincere, you're wasting your time. In the context of brand revival, this matters, because a brand with a rich track record, by definition, is authentic and not some kind of newfangled scheme."



Hallmark's Fresh Ink division, overseen by Lottie Chestnut '91, uses bright colors, slick designs and sharp wit to entice members of the e-generation to send three-dimensional greetings.

Earle cites (surprise) video gamers as a good example. In 2002, his company began to acquire the rights to Coleco, a venture that brought some of the first arcade games into the living rooms of tech-savvy teens in the early 1980s via the ColecoVision.

"The younger members of 'Coleco Nation' were not even alive when the ColecoVision and Donkey Kong were sweeping the nation in the early 1980s," says Earle. "But you'd better believe that many of our young Coleco fans know that the brand was really the pioneer, the innovator that paved the way for today's Xbox and Playstation."

Earle says many of RWB's brands actually rate higher in consumer awareness surveys than newer products, a fact he attributes to the explosion of new media outlets. "When you essentially had three national TV networks plus Time and a short list of other national magazines, it was pretty much standard operating procedure for the marketer to advertise and gain national awareness. Today, with a thousand cable channels, the Web, TiVo, and so on, which is both the cause of and outcome of shorter attention spans, building awareness for new brands is harder to do, if not impossible. In this context, I'd much rather be a dormant brand with a track record than a new brand starting from scratch!"

Lottie Chestnut '91 also spends her workdays putting a new twist on an old favorite. She markets greeting cards — paper ones that require envelopes and postage stamps — to the e-generation, ages 18-39.

Chestnut, who has been working with Hallmark since graduating from Kellogg, recently took over the company's Fresh Ink division, which produces a line of cards aimed squarely at an age group whose members grew up with e-mail access and animated virtual greeting cards. She says it's important not to over-think this challenge.

"The cards are hip and original without trying too hard," she says. "Our creative team keeps current through formal research and also through daily observations and staying in touch with everything around us. We attend comedy clubs, go to movies, read tons of magazines and shop."

"In addition to understanding our consumer, we try to [sell cards] at the places our target audience already visits — college stores, bookstores and 'alternative zones' within Hallmark stores."

Like so many of her youth-marketing peers, Chestnut emphasizes the importance of knowing her customers: "Being in touch with the intuitive side, with human nature, is just as important as quantitative research. To be successful with consumers, you have to know them inside and out."

Whether this kind of attention to detail — the direct engagement, the constant feedback — suggests an attempt by advertisers to mitigate what Wallace called a "shaky détente with the individual viewer's psyche" or something more innocent and genuine, only the young skeptical consumers will tell. They will decide with their wallets and their head-flipping language, just as their parents and grandparents did.