

WHITE PAPER

# Customer Equity Marketing

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## Maximizing Retention Through Web-Based Content

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## 1 Introduction: A New Direction for Internet-Based Marketing

**I**N TODAY'S UNCERTAIN economic environment, companies must strengthen efforts to satisfy and retain existing customers if they are to maintain market share. So it has never been more important for marketers to find effective and compelling ways to keep their customers engaged and to deepen those relationships.

Some of the world's leading marketers, including Coca-Cola and Procter & Gamble, are turning to the Internet as a vehicle for new loyalty-building programs. These programs tap the true power of the Internet as a means for influencing preference and deliver targeted, value-added, interactive content that addresses customers' specific informational needs and interests.

One of the key goals of this new strategy is to position the company that delivers this value-added content as a trusted adviser, capable of providing important, sought-after information in a reliable, trustworthy, and compelling manner.

These Internet-based initiatives focus on creating and enhancing lifetime customer value. Tendo Communications has termed them "customer equity marketing."

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**"In a 'time-crunched' society with ever more media sources competing for attention, brand loyalty will continue to suffer from overchoice and consumer fickleness; even when companies gain a customer's attention, it will be quickly lost. Brands will reign where they have demonstrated trustworthiness in the new environment. ... Consumers will rely on brands as trusted advisers."**

"VYING FOR ATTENTION," PRICEWATERHOUSECOOPERS<sup>1</sup>

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In this white paper, we examine why Internet marketing is more important than ever, despite the disappointment of online banner advertising. We review the valuable new capabilities the Internet offers to marketers. And we discuss customer equity marketing—what it is, what benefits it provides, how its results can be measured, and who's practicing it.

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<sup>1</sup> Saul Berman and Bennett McClellan, "Vying for Attention: The Future of Competing in Entertainment and Media: Our Industry Perspective, 2001-2005," PricewaterhouseCoopers

## 2 The Internet Is More Important Than Ever

**E**ARLY EXPERIENCE with the Internet as a broadcast medium and advertising channel has been disappointing for many companies. Internet traffic, however, continues to grow as more people find ever more ways to use the Internet. It is clear, therefore, that the Internet remains important for marketing initiatives. The continuing challenge is how best to exploit the Internet as a cost-effective interactive marketing communications channel.

### Growing Influence of the Internet

Independent industry data confirm the Internet's growing importance and influence on consumer behavior. In July 2001, 58% of U.S. households reported having Internet access, up from 52% in July 2000 and 39% in July 1999, according to Nielsen//NetRatings.<sup>2</sup>

Nielsen//NetRatings also found that the amount of time users spend online is increasing: In the month of July 2001, Internet users spent an average of 10 hours and 19 minutes online, up 7% from the same period a year before, when the average Internet user spent 9 hours and 41 minutes online.

Once consumers begin to go online, they appear to transfer their allegiance from traditional media to the Internet as an information resource. A May

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### WHY THE INTERNET IS IMPORTANT

**"The idea is to touch the consumer everywhere he or she is, and consumers are looking for you to be on the Web."**

EVA KEMPE-FORSBERG, VICE PRESIDENT OF  
MARKETING FOR ABSOLUT<sup>3</sup>

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2001 study by the Content Intelligence Group found that 63% of consumers surveyed chose the Internet (rather than print publications) as their preferred information source for both personal/special interests and business information needs. The study also revealed that once online, consumers reported using traditional media sources less often.

Research by InsightExpress supports this view, finding that home cooks have cast aside magazines as a source of recipes in favor of the Internet. According to a September 2001 report, the Internet replaced magazines in the number-two position, after cookbooks, as home cooks' preferred source for recipes.<sup>4</sup>

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<sup>2</sup> "Internet Captures 63% Growth in the Past Two Years," Nielsen//NetRatings press release, August 13, 2001

<sup>3</sup> Hillary Chura, "Why Liquor Marketers Like the Web," *Advertising Age*, September 4, 2001

<sup>4</sup> "More Home Cooks Cast Aside Magazines and Go Online in Search of Recipes," InsightExpress, September 26, 2001

According to John McIntyre, managing editor of Content Intelligence's *Intelligence Briefing*, "The research shows that exposure [to] and experience with the Web is changing consumers' fundamental attitudes toward traditional media. In comparison with other media sources, we found that user control is a critical preference attribute of the Internet as a medium—providing individual control over content source, time of access, content depth, and other parameters."<sup>5</sup>

### **Integral to Consumer Goods Shopping**

Forrester Research reported in July 2001 that 44% of surveyed consumers said they use the Internet as an "integral" part of their consumer goods shopping, "whether as a source of information, offers, or recipes."<sup>6</sup>

This research is backed by a Cyber Dialogue study in which 64% of consumers surveyed said information on a manufacturer's site was "very or somewhat important" to influencing their brand impressions. Only 25% said banner ads were "very or somewhat important" to changing a brand impression.<sup>7</sup>

A May 2001 study by Information Resources, Inc., (IRI) found that 23% of primary shoppers who are online have purchased a consumer packaged good (CPG) product over the Internet more than once in a three-month period. And while only 10% of online CPG customers purchase 25% or more of their CPG products online, IRI says it expects that number to increase to 35% by the end of 2001.<sup>8</sup>

In the United States, where women are the principal buyers of consumer goods, females over the age of 18 are the majority of online users.

According to Jupiter Media Metrix, in May 2001, women older than 18 accounted for 40.9% of all online users, up from 40.3% in May 2000 and 39.3% in May 1999. Men 18 and older, by contrast, made up just 39.8% of all online users as of May 2001, down from 40.1% in May 2000 and 45.7% in May 1999.<sup>9</sup>

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<sup>5</sup> "Web Trounces Magazines as Preferred Information Source," Writenews.com, May 11, 2001, and "Newspaper Readership Declines with Web Use," Content Intelligence's *Intelligence Briefing*, volume 1, issue 3, July 20, 2001

<sup>6</sup> Bernard Stamler, "Offline Stalwarts Could Use Some Online Marketing," *New York Times*, July 16, 2001

<sup>7</sup> Qaalfa Dibeehi, "Online Branding," Cyber Dialogue Report, January 2000, and Jeremy Schlosberg, "Now, Hard Numbers to Prove the Web Is Powerful at Branding," *Media Life Magazine*, January 2000

<sup>8</sup> "Consumers Plan to Increase Online Consumer Packaged Goods Spending," Information Resources, Inc., press release, May 14, 2001

<sup>9</sup> "Top 50 Web and Digital Media Properties for May 2001," Jupiter Media Metrix press release, June 14, 2001

### 3 Playing to the Internet's Real-World Strengths

**M**ARKETING EXPERTS NOW AGREE that Internet marketing and mass media advertising have different strengths. Advertising's strong suit is in building awareness among consumers who have not committed to a purchase. By contrast, Internet marketing is ideal for meeting the needs of consumers who are already interested in a product or considering a purchase.

In other words, the Web is best at influencing preferences and moving customers past the consideration phase into purchase mode. And because consumers who are interested in a product are a company's most valuable asset—capable of generating the greatest revenue—marketers must pay attention to the Web as a digital marketing medium, not only to inform valuable customers but also to build their trust.

Ziff-Davis Media vice president and principal analyst Aaron Goldberg is one of the most outspoken advocates of this thinking. In a May 2001 *Technology Marketing* column, he wrote: "Once a prospect knows he's interested in a product, he reaches a point where he wants to know specific and personal benefits. No other medium can convey the broad range of benefit statements in an easy-to-use way like the Web."<sup>10</sup>

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**"The Internet is a valued information tool, and consumers award high points to brands that enable them to benefit from valuable third-party insights, tips, and advice."**

INTERNET MARKETING GURU BERNADETTE TRACY<sup>11</sup>

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Regis McKenna, chairman of The McKenna Group, a strategy consulting firm based in Mountain View, California, also supports this view: "The Internet is not a broadcast medium like television. It is much more of a service medium in which you allow people to interact and exchange information with you."<sup>12</sup>

Joyce Fierens, director of interactive marketing for General Motors, underscores this perspective: "With television ads, you are trying to get into a consideration set even before people realize they are thinking about buying a new car. What the Web does best is provide shopping tools and access to information in a very targeted way."<sup>13</sup>

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<sup>10</sup> Aaron Goldberg, "Qualifying Time: The Web Works, But Do You Know Where It Works Best?" *Technology Marketing*, May 1, 2001

<sup>11</sup> Jeremy Schlosberg, "If You Want to Build a Brand, You Can't Just Sit There," *Media Life Magazine*, July 10, 2000

<sup>12</sup> Sari Kalin, "Brand New Branding," *Darwin*, July 2001

<sup>13</sup> Saul Hansell, "Marketers Find Internet Opens New Avenues to Customers," *New York Times*, March 26, 2001

### Internet Power: Developing Preferences

The Internet offers a number of capabilities that mass advertising does not:

- **Rich information resource:** The Internet is ideal for creating rich, deep educational resources that answer customers' questions about product benefits and related issues. The end result is an increase in their desire to make the purchase.
- **Brand engagement:** Using interactive features, companies can communicate with customers in real time while empowering them to engage with a brand directly.
- **Personalization:** Online technology allows companies to display and disseminate highly personalized messaging and information to meet the unique needs and interests of segmented customers.
- **Lead generation and follow-up:** The Internet permits companies to collect highly detailed data about prospects and customers, then target and

#### Overview

- **The Web is ideal for responding to the informational needs of customers already interested in a product.**
- **Marketers can use the Web to influence preferences and move customers past the consideration phase into purchase mode.**

track their resulting communications. The data collected support other marketing programs, such as coupons, direct mail brochures, etc.

- **Access and convenience:** The Web is available 24/7, when the consumer wants it.
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## 4 Building Loyalty With Customer Equity Marketing

**C**USTOMER EQUITY MARKETING taps the Internet's ability to build relationships and retain customers. It uses value-added content that is unbiased and focused on solving customer problems to position a company as a trusted adviser delivering valued advice, guidance, and information. By offering customers the content they seek, companies create a stronger sense of customer allegiance and affiliation. Customer equity marketing also allows companies to establish a direct line of two-way communication with their most enthusiastic (and profitable) customers.

As Michael Totty writes in a special *Wall Street Journal* report on e-commerce: Merchants have "discovered a surprising twist: The information they provide to customers on their Web sites, along with the intelligence the merchants are able to gather about consumer likes and dislikes, can be at least as valuable as the stuff they actually sell online. Many companies have found that giving people information online keeps them coming back to a site and builds their interest in a brand. ... And the personal information companies collect from visitors opens up a wealth of possibilities for focusing their marketing and developing new product pitches."<sup>14</sup>

Components of customer equity marketing programs include:

- **Journalistic articles** (advice, feature stories,

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"Before the Internet, a brand could only create acquaintances. With the Internet, brands can develop close friends. ... The Web is about getting consumers involved to the point where they feel not only a relationship with our brand but where it actually becomes an integral part of their lives."

INTERNET MARKETING GURU BERNADETTE TRACY<sup>15</sup>

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signed columns) that are clearly unbiased and reliable. Such content deals with topics and issues relevant to consumers of a particular brand or product. To encourage repeat visits, this content is refreshed and updated regularly.

- **Interactive features** (quizzes, Q&As, surveys, calculators, discussion boards, user-submitted stories and opinions, etc.) allowing consumers to interact directly with the company and to voice opinions, questions, and concerns.
- **Detailed product information** that informs, compares, and contrasts to ultimately reassure and motivate customers.
- **Outbound communication tools** (opt-in electronic newsletters and targeted e-mail) that push content and product messages to segmented consumers on a regular basis.

<sup>14</sup> Michael Totty, "Information Please," Special Report: E-Commerce, *Wall Street Journal*, October 29, 2001

<sup>15</sup> Jeremy Schlosberg, "If You Want to Build a Brand, You Can't Just Sit There," *Media Life Magazine*, July 10, 2000

"If we're providing [mortgage] information, and consumers see that as valuable, the chances they're going to come to us for assistance with their mortgage needs are higher."

HEIDI BOYLE, SENIOR VICE PRESIDENT IN WELLS FARGO'S E-BUSINESS GROUP<sup>16</sup>

- **Special offers and promotions** (printable coupons, free sample ordering, contests) to encourage new purchases by supplementing content with tangible value.
- **Custom communication** in which personalized content and displays of information are tied to consumers' unique profiles.
- **Unique brand voice** that brings to life, through word choice and prose style, the true essence of the brand.

A widening array of companies are turning to customer equity marketing programs, including Procter & Gamble, Coca-Cola, Kraft Foods, and Unilever.

Examples and descriptions of customer equity marketing programs are found in Exhibit One.

### The Benefits of Customer Equity Marketing

Customer equity marketing programs offer companies a number of critical benefits:

- **Satisfied customers:** A customer equity marketing program that features fresh, informative, valued, and persuasive content reinforces motivated customers' affinity and keeps them coming back for more.
- **Committed relationship:** Satisfied customers who develop a dependency on your site's content interact with your brand on a regular basis, thereby raising their level of commitment and decreasing the likelihood of defection.
- **Halo effect:** Customers shift positive feelings about a site's content to the company behind it, and to the company's products. Over time, this halo effect translates into increased loyalty and respect, greater credibility for your company, and increased sales.
- **Customers as evangelists:** Loyal customers who are invested in a brand become inspired evangelists for your products, making recommendations to others.
- **Less expensive recurring sales:** Customers who are loyal and committed not only don't defect, they become repeat buyers with minimal additional investment by the company.
- **Valuable customer data:** Through membership, registration, online surveys, and customer feedback mechanisms, companies generate essential data about their most valued customers. Companies that offer customer equity marketing programs entice customers to submit their data, which in turn ensures that their long-term needs are met through product development.

<sup>16</sup> Michael Totty, "Information Please," Special Report: E-Commerce, *Wall Street Journal*, October 29, 2001

## 5 The Value of Customer Equity Marketing

**H**OW TO MEASURE the value of customer equity marketing programs is still open to debate. As David Taylor, research director with Jupiter Media Metrix, notes: "The specific ROI from building stronger customer relationships is very difficult to measure."

### Value Measurements Are Emerging

Taylor advocates creating a new "return on relationship" metric "that measures whether or not relationships result in direct or indirect returns to a company." Jupiter believes that such a metric "will help business managers determine the value the Internet brings to the table [for] sales and marketing initiatives."<sup>17</sup>

Until such a measure is developed, companies are measuring brand perception and preference qualitatively by conducting focus groups with consumers before and after the start of their customer equity marketing programs.

Companies can also examine "churn rate" (or the rate of customer defection) before and after instituting customer equity marketing programs. Credit card and telephone companies have tradi-

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### CUSTOMER LOYALTY: THE PAYOFF

**A study by Jupiter Media Metrix found that when companies identify and respond to loyal customers, they reduce their customer acquisition costs by 27%.<sup>18</sup>**

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tionally used churn rate to measure the success of marketing programs. As consulting firm Peppers & Rogers notes, "A high churn rate implies customer disloyalty."<sup>19</sup>

Another potentially useful metric for customer equity marketing programs is "potential customer value." In an article in the September 2001 issue of *Ito1 Magazine*, Paula Puleo and Abigail Wheeler of Peppers & Rogers urge companies to consider not just profits generated from current customers but also potential customer value, defined as "the profit that can be captured in future periods from the same set of customers ... by increasing share of customer for those needs

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<sup>17</sup> "Almost 60 Percent of Companies May Be Misleading Themselves By Measuring Their E-Business Return on Investment In-House," Jupiter Media Metrix press release, September 20, 2001

<sup>18</sup> "Accurately Identifying Loyal Customers Could Increase Average Order Sizes by Up to 60 Percent," Jupiter Media Metrix press release, July 21, 2001

<sup>19</sup> "Ito1 Glossary," Peppers & Rogers Web site ([www.ito1.com](http://www.ito1.com))

## SURVIVING A CHALLENGING ECONOMIC ENVIRONMENT

**"Enterprises that survive and prosper during shifting economic cycles will be those that establish and maintain a dialogue with the customer and prove their ability to match products and services to the customer's demands."**

GARTNER GROUP<sup>20</sup>

you are currently serving and also by expanding the set of needs addressed."<sup>21</sup>

Determining the value of customer equity marketing may also involve expanding the definition of loyal customers beyond monetary measures to include order value and spending habits. Jupiter Media Metrix also urges marketers to assess customer satisfaction scores, noting that satisfied customers play a valuable role in evangelizing products to others.

### **Gaining a Competitive Edge**

In an uncertain economic environment, where market share is everything, marketers gain the most bang for their buck with programs that focus on preventing customer defections.

That's why many top marketers are taking the lead in pursuing customer equity marketing programs on the Internet. This strategy will help them forge stronger, more intimate customer ties. As a result, they will retain customers, spend less to achieve each new sale, and turn customers into referral agents.

For those who haven't started such programs yet, the good news is that most marketers are only beginning to adopt customer equity marketing. Many companies still have an opportunity to use customer equity marketing to leverage the power of the Internet and gain a competitive advantage. Companies that invest in customer equity marketing will be well-positioned for future success.

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<sup>20</sup> M. Maoz, "Relationship Value Is Measured by Mutual Advantage," Gartner Group, March 26, 2001

<sup>21</sup> Paula Puleo and Abigail Wheeler, "How Much Are Your Customers Worth?" *1to1 Magazine*, September 2001

## EXHIBIT ONE

## Consumer Equity Marketing in Action

**H**ERE ARE SOME EXAMPLES of how marketers are using customer equity marketing to further their customer relationship-building goals.

- **Campbell Soup Company** has created the Campbell's Kitchen site, [www.campbellkitchen.com](http://www.campbellkitchen.com), filled with nutrition articles and recipes. Among its interactive features, it allows consumers to store and post recipes and receive daily e-mails with quick-fix recipes.

- **Coca-Cola's** Darryl Cobbin, vice president for consumer communications, has said: "Over time we are allocating a smaller percentage of our budget to pure banner ads and a larger percentage to opportunities to be more interactive and build relationships with customers."<sup>22</sup>

One example of this effort is an online magazine targeting teens in Europe ([www.coca-cola.se](http://www.coca-cola.se)). Explaining the impetus for the site, Anu Syrma, brand manager for Coca-Cola Finland, says: "In a media-focused world that becomes more and more complex, we wanted to meet young people where they actually are, and deliver concrete value in an interactive environment that brings people together."<sup>23</sup>

- **General Mills'** [www.bettycrocker.com](http://www.bettycrocker.com) is a site rich with recipes, meal planners, baking directions, cooking and entertaining advice, and a variety of interactive functions (such as the ability to create online recipe boxes and keep track of favorite recipes). Mike Tambone of General Mills said in a company press release: "After talking with our consumers, we understood that they wanted more of what makes BettyCrocker.com different from all other food Web sites. They wanted more of the unique Betty content, great ideas on meal planning, and they wanted it quick and easy to use. We bring the full force of Betty Crocker to bear—all of our resources, from kitchens to cookbooks, help shape site content." The site receives 300,000 unique monthly visitors.<sup>24</sup>

- **Johnson & Johnson** has a wide variety of content-focused Web programs. For example, it is launching a teen girl-focused online magazine with MTVi, the interactive unit of MTV Networks. The Web site will feature content about pop culture, music, and entertainment, as well as information on health and beauty. J&J products such as Neutrogena, Stayfree, Clean & Clear, and Acuvue will also be featured.

J&J's Ortho Dermatological group offers

<sup>22</sup> Saul Hansell, "Marketers Find Internet Opens New Avenues to Customers," *New York Times*, March 26, 2001

<sup>23</sup> "Razorfish Teams With Coca-Cola To Launch 'The Coca-Cola Web Magazine,'" Razorfish press release, June 6, 2001

<sup>24</sup> "BettyCrocker.com Makeover Helps Busy Moms Make the Most of Summer," General Mills press release, May 29, 2001

[www.caringforyourskin.com](http://www.caringforyourskin.com), an online magazine focused on skin care that features advice from dermatologists around the world. There is an interactive questionnaire to establish skin type and a series of expert articles and columns about related topics. The group also sponsors [www.pimpleportal.com](http://www.pimpleportal.com), which specializes in delivering information and guidance about skin care to teens with darker complexions. This site also features a "Guy's Grooming Guide" aimed at male teens.

Among other content-rich J&J sites are [www.aciphex.com](http://www.aciphex.com), designed to educate consumers and clinicians about gastroesophageal reflux disease, and [www.itsmybody.com](http://www.itsmybody.com), an extensive site for teens about puberty that includes articles and interactive questionnaires.

- **Kraft Foods** has created the Kraft Interactive Kitchen at [www.kraftfoods.com](http://www.kraftfoods.com), featuring extensive content about cooking and nutrition, including recipes. The site encourages registration through such features as personalized meal and fitness plans, and calculators to determine healthy weight, body mass index, and calories burned.

Describing her company's content-rich efforts in the Kraft Interactive Kitchen, Paula Sneed, presi-

dent of Kraft's e-commerce division, says, "That strengthened brand equity translates to volume and ultimately profitability."<sup>25</sup>

- **L'Oreal** is using its brand sites to teach consumers about body care. Maybelline, for example, has an online magazine, "Maybelline Scene," at [www.maybelline.com](http://www.maybelline.com). The magazine focuses on beauty and fashion trends. The site also features interactive Q&As with experts and a beauty lab with a resident adviser.

L'Oreal's [www.hair-science.com](http://www.hair-science.com), dedicated to hair research, findings, and news, is highly interactive, with quizzes, photos, videos, and demos.

- **Procter & Gamble** is one of the most active practitioners of customer equity marketing today. Its brand sites are designed to tangibly reinforce the trust consumers feel toward the products and to use that trust to develop a relationship with those consumers.

Commenting on this, Vivienne Bechtold, P&G's head of Web advertising, has said: "As our overall Internet spending is growing, the slices of the pie for our own Web sites and e-mail marketing are growing."<sup>26</sup>

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<sup>25</sup> Susan Kelly, "Food Makers Reach Out to Consumers on the Web," Reuters, September 14, 2000

<sup>26</sup> Saul Hansell, "Marketers Find Internet Opens New Avenues to Customers," *New York Times*, March 26, 2001

Among the content-rich sites P&G has created is [www.tide.com](http://www.tide.com), which offers a wealth of information on stain removal and fabric care. According to Bob Gilbreath, an assistant brand manager at Tide in charge of interactive marketing, "Consumers told us that Tide actually had a right to be the source of information about cleaning your clothes. People trust Tide to get the stains out."<sup>27</sup>

P&G's [www.pampers.com](http://www.pampers.com) is a site filled with regularly updated information, tips, advice, and community features about pregnancy, feeding, health, child development, and the like. Features include a personalized e-mail newsletter sent to registered users, question-and-answer sessions with recognized experts, and the opportunity for consumers to participate in a Pampers research group.

The site leverages the internal knowledge at Pampers, says Greg Icenhower, an associate director of corporate communications at P&G. "We have massive expertise behind all of our brands. The people of Pampers, for instance, know a ton about parenting," he says.<sup>28</sup>

Taking a similar approach, P&G's [www.beinggirl.com](http://www.beinggirl.com) encourages teenage girls to buy Always and Tampax products while creating

an online haven for them to discuss and learn about health and puberty issues.

Features include contests, bulletin boards, the opportunity to submit thoughts and opinions, quizzes, and customizable calendars. The key to the site, says Derrick Tarver, global brand manager for P&G Femcare Interactive, is that "we always keep in mind that teens today have an acute awareness of commercialization."<sup>29</sup>

Other content-rich and highly interactive teen sites created by Procter & Gamble include Tremor ([www.tremor.com](http://www.tremor.com)), designed to recruit teens for word-of-mouth marketing campaigns, and Toejam ([www.toejam.com](http://www.toejam.com)), which promotes self-expression and rewards registrants with a box of goodies.

- Purina's [www.puppychow.com](http://www.puppychow.com) provides a rich mix of content focused on puppy development, health, and care. Features include an extensive library of articles, interactive guides that focus on such topics as naming and nutrition, an e-mail newsletter and e-mail postcards, a product finder, product information, and more.

The site for Dog Chow, [www.dogchow.com](http://www.dogchow.com), offers

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<sup>27</sup> Fara Warner, "Don't Shout, Listen," *Fast Company*, August 2001

<sup>28</sup> Fara Warner, "Don't Shout, Listen," *Fast Company*, August 2001

<sup>29</sup> Fara Warner, "Don't Shout, Listen," *Fast Company*, August 2001

a similar range of features plus a series of interactive games and other entertaining elements.

- **Quaker Oats** has been a strong content innovator. For example, it has created a parenting-oriented information resource about toddler nutrition, activities, and health at [www.quakeroatmeal.com](http://www.quakeroatmeal.com).

Meanwhile, the Quaker Bagged Cereals Web site, [www.quakeroats.com/qbc](http://www.quakeroats.com/qbc), features a series of money-saving tips for value-conscious parents. Describing the company's approach to the site, Joe Bagby of the Quaker Oats Company says: "With the Quaker Bagged Cereals Web site, we plan to provide [parents] with a resource that will deliver helpful money-saving strategies on an ongoing basis. Our Web site is a simple, cost-effective way to get consumers more involved with the brand, while increasing interest and knowledge of new products and events."<sup>30</sup>

Gatorade's site, [www.gatorade.com](http://www.gatorade.com), includes an exercise profiler that customers use to determine what type of athlete they are, news and tips on hydration, and a variety of articles for athletes focused on enhancing their performance.

- **Spiegel Group** has created on its [www.spiegel.com](http://www.spiegel.com) e-commerce site streaming

video Webcasts with buying tips for the holidays, plus interactive fashion questionnaires and Spiegel Horoscopes, which provide fashion advice according to customers' zodiac signs.

- **Target Corp.** has launched a site for teen girls, Bullseye at [www.target.com/bullseye](http://www.target.com/bullseye), offering an extensive array of content about what's hot in the worlds of fashion, beauty, music, and entertainment events. Personalization plays a key role through horoscopes, advice, and quizzes.

Commenting on the site, Sally Mueller, senior marketing manager at Target, explains: "Bullseye is at the center of today's pop culture. Style-savvy teens will find Bullseye to be a quick and easy resource for the latest news and trends in areas they care about most, such as music and fashion. It's a hip, youthful way for Target to engage our growing teen audience."

There's also Target Radio, which features streaming music in a variety of genres. And there's a regular sweepstakes offer.<sup>31</sup>

- **Unilever** has created [www.dovespa.com](http://www.dovespa.com), combining skin care tips with information on new Dove products. Anthony Romeo, vice president for strategy at Unilever, explains the DoveSpa.com site by

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<sup>30</sup> "New Web Site Provides Consumers With Money-Saving Strategies," Quaker Oats press release, July 23, 1999

<sup>31</sup> "Target Aims for Teens With Bullseye Online," Target Corp. press release, August 16, 2001

saying: "There is an 80-20 rule with most brands. With Dove soap, we have a group of incredibly loyal customers that like what Dove does to their skin and want more information about it."<sup>32</sup>

Unilever's [www.slimfast.com](http://www.slimfast.com) site, meanwhile, lets users keep track of weight loss, discover dieting and food tips, and interact with other dieters. Unilever recently sent a print magazine featuring cooking and cleaning tips to certain customers who signed up on its content-rich brand sites.<sup>33</sup>

- **Volkswagen's** site ([www.vw.com](http://www.vw.com)) offers RadioVW, a 24-hour Internet-based radio station that allows consumers to interact directly with the brand while reinforcing Volkswagen's hip, youthful image.

Describing the site, Tim Brunelle, vice president and associate creative director at Arnold

Worldwide, VW's ad agency, notes: "RadioVW exists to strengthen the affiliation people already have between VW and music. There are a lot of ways to create a brand. VW is offered a lot of sponsorships [for bands and concerts] with logos all over the place. But that is not right. We wanted to think of a way to participate on a more subtle level."<sup>34</sup>

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<sup>32</sup> Saul Hansell, "Marketers Find Internet Opens New Avenues to Customers," *New York Times*, March 26, 2001

<sup>33</sup> Saul Hansell, "Marketers Find Internet Opens New Avenues to Customers," *New York Times*, March 26, 2001

<sup>34</sup> Margaret Littman, "Car Radio," *Business 2.0*, May 10, 2001

**EXHIBIT TWO**

## Customer Equity Marketing Sites Mentioned

**Campbell Soup Company:**

Campbell's Kitchen site: [www.campbellkitchen.com](http://www.campbellkitchen.com)

**Coca-Cola:**

Coca-Cola Web Magazine: [www.coca-cola.se](http://www.coca-cola.se)

**General Mills:**

Betty Crocker site: [www.bettycrocker.com](http://www.bettycrocker.com)

**Johnson & Johnson:**

Gastroesophageal Reflux Disease site:

[www.aciphex.com](http://www.aciphex.com)

It's My Body site: [www.itsmybody.com](http://www.itsmybody.com)

Ortho Dermatological sites:

[www.caringforyourskin.com](http://www.caringforyourskin.com)

and [www.pimpleportal.com](http://www.pimpleportal.com)

**Kraft Foods:**

Kraft Interactive Kitchen: [www.kraftfoods.com](http://www.kraftfoods.com)

**L'Oreal:**

Hair Science site: [www.hair-science.com](http://www.hair-science.com)

Maybelline site: [www.maybelline.com](http://www.maybelline.com)

**Procter & Gamble:**

BeingGirl site: [www.beinggirl.com](http://www.beinggirl.com)

Pampers site: [www.pampers.com](http://www.pampers.com)

Tide site: [www.tide.com](http://www.tide.com)

Toejam site: [www.toejam.com](http://www.toejam.com)

Tremor site: [www.tremor.com](http://www.tremor.com)

**Purina:**

Dog Chow site: [www.dogchow.com](http://www.dogchow.com)

Puppy Chow site: [www.puppychow.com](http://www.puppychow.com)

**Quaker Oats:**

Gatorade site: [www.gatorade.com](http://www.gatorade.com)

Quaker Bagged Cereals Web site:

[www.quakeroats.com/qbc](http://www.quakeroats.com/qbc)

Quaker Oatmeal site: [www.quakeroatmeal.com](http://www.quakeroatmeal.com)

**Spiegel Group:**

Spiegel site: [www.spiegel.com](http://www.spiegel.com)

**Target Corp.:**

Bullseye site: [www.target.com/bullseye](http://www.target.com/bullseye)

**Unilever:**

Dove site: [www.dovespa.com](http://www.dovespa.com)

SlimFast site: [www.slimfast.com](http://www.slimfast.com)

**Volkswagen:**

Volkswagen site: [www.vw.com](http://www.vw.com)

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## ■ About Tendo

Tendo Communications is a leading content strategy agency with a unique approach to relationship marketing. Tendo specializes in developing original, custom content and branded publications—magazines, newsletters, and Web sites—that meet corporate clients' business objectives by satisfying customers' informational needs.

With more than a century of combined publishing experience, Tendo's team of seasoned editors, designers, and marketers understand what it takes to reach demographically diverse customer groups. By mixing words and images to optimum effect, Tendo enables companies to connect and resonate with their customers.

Cisco Systems, Informix Software, Incyte Genomics, Aon Corporation, Amdahl Corporation, Motorola, and salesforce.com are among Tendo's clients. CEO Celia Canfield and president Karla Spormann are the founders of Tendo.

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