



**CONTAGIOUS
SPECIAL REPORTS**

BRANDED UTILITY

2008

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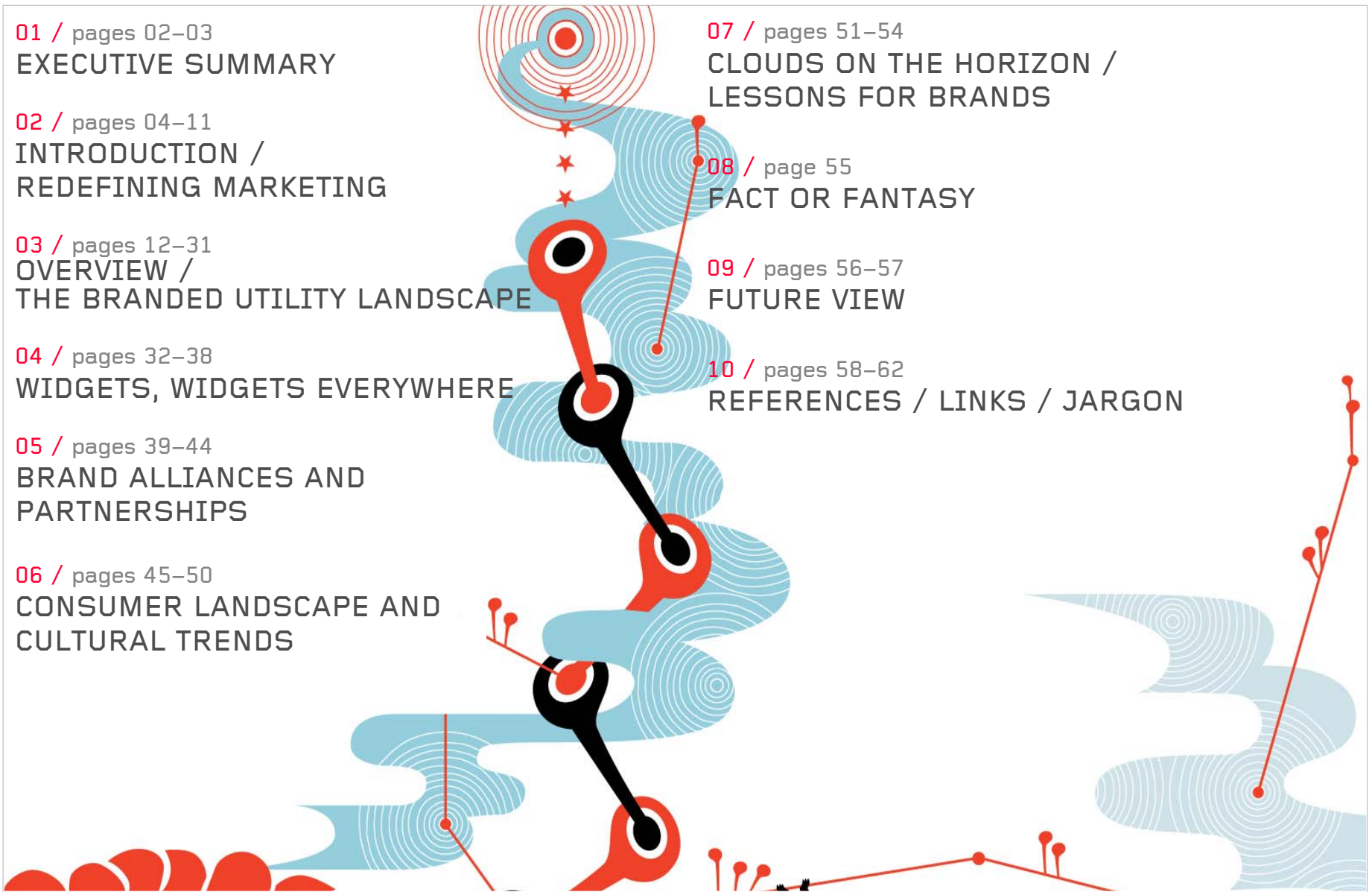
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01 / pages 02–03

EXECUTIVE SUMMARY

A / Branded utility is about services not messages, about brands embedding themselves in people's daily lives

B / It's a whole new model of advertising, advertising that doesn't feel like advertising, no longer about reach and frequency, nor about immediate return

C / It's a whole new approach to business, one that requires involvement and commitment, but that can pay off for your brand, your customer and even society at large

02 / Introduction / redefining marketing

Branded utility is not just a tool or a tactic - it's an approach that reflects a new state of mind in marketing. One that is about giving something away in order to earn people's time and attention. Although branded utility in one form or another has existed for generations, the digital world has brought it to the top of the agenda. Creating useful personal experiences for a large number of people is now more possible than ever through online communication. **Nike+** is often heralded as the king of branded utility, and combines many of its key characteristics: more than marketing, it is a useful product that brings digital possibilities to the real world to build a global community and embed the brand 24/7 in people's daily lives.

03 / Overview / the branded utility landscape

Branded utility encompasses a whole way of approaching business, from product development through marketing. As such, it spans a wide spectrum of activities, from offline events and experiences to corporate websites and mobile phones.

There are great examples of successful branded utility across the business and marketing world. In the real world, brands such as **Charmin**, **Samsung** and **Wrangler** are making themselves useful to busy travellers, anxious parents, tired festival-goers and many more. Online, there are huge opportunities for brands to offer services, with increasingly sophisticated case studies in areas such as connected products and user generated utilities.

04 / Widgets, widgets everywhere

One of the most widely publicised elements of branded utility is the widget - the little service applications that sit on your desktop, web browser or, say, Facebook profile, keeping you constantly updated on everything from the time and date to the weather in Taiwan. In the last year the social networking sites have opened their doors to third party developers using their API (Application Programming Interface) and have seen phenomenal take-up. Unsurprisingly, given the disproportionate emotional clout of the humble widget, brands from all ends of the spectrum are making

the transition from professional irritant to service provider. With the opening of Apple's App Store, the floodgates are open for the iPhone specifically. But it's still early days for thought-through branded activity in this space.

05 / Brand alliances and partnerships

As branded utility requires agencies to become product developers and brands to be software companies, it is a sector ripe for strategic alliances. **Nike** and **Apple** with Nike+, **Google** and **British Airways** with Google Earth mapping on ba.com and **Orange** with the UK's **Glastonbury Festival** have been pioneers; but more recent collaborations include **adidas** and **Samsung** with the miCoach, **Dove** and **Microsoft** with The Dove Digital Channel and **Nokia**, **Universal Music** and **SONY BMG** with the Nokia Comes With Music download service. The key area of growth is tech companies coming together with more traditional brands to distribute or kick start a new product, but consumer collaboration and offline partnerships of all sorts are also on the rise.





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REFERENCES**06 / Consumer landscape and cultural trends**

If brands get it right, then consumers of every age, fed up with a barrage of advertising messages, will embrace those branded utilities that engage them. By their nature, utilities are not demographic specific but based on interest or function, and there's a market for baby boomers and teenagers alike. The concept is being increasingly adopted in the US and Western Europe but there is huge potential in the Asian markets too. The trend is part of a wider cultural shift towards more social responsibility as well as the increasing demand amongst consumers for products and services that are free.

07 / Clouds / lessons for brands

Traditional brands need to deliver something of real value or risk being rejected by consumers, while media channels need to continue to find ways of delivering utility and interaction. The proliferation of applications means that some people are getting frustrated by inefficient or irrelevant

widgets and internet users aren't afraid to let it be known if they don't approve of branded activity online. Even the most ardent proponents of branded utility are concerned about the problem of reach, worrying that this is often a small numbers game compared with a mass media ad campaign. But the biggest barrier to entry for companies committing to branded utilities is the change required in both mindset and infrastructure.

08 / Fact or fantasy

While branded utility might be in the limelight now, it is neither a new nor exclusively digital phenomenon. There are some staggering success stories, such as the long-running **Michelin Guide**, **Johnson & Johnson's Babycenter.com** or the more recent **UNIQLOCK**, which has been seen by more than 100 million people worldwide, but there are also many more humble impacts. Despite the phenomenal growth of widgets, they still represent less than 1% of US online ad spend.

09 / Future view

There is a snowballing in branded utility initiatives and no reason for this level of activity not to continue to grow. Technological advances should make it easier to reach people with useful and more user-friendly tools and the 21st century consumer is more inclined to take notice of something that is less transient and more meaningful than a traditional 30-second spot.

10 / References / links / Jargon /

Links to source articles, blogs for further reading, agencies featured and details of contributors.





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The Yomiuri Shimbun / La Folle Journée

In Japan, one of the world's biggest circulating newspapers and the only newspaper in the world with its own orchestra, the Yomiuri Shimbun runs music events with privileges for subscribers in venues across the country. La Folle Journée au Japon's 'Days of Enthusiasm' Music Festival, which is held in Tokyo each May, attracted some 700,000 listeners in 2007. <http://snipur1.com/39z7g>

O₂ / The O₂

London's former Millennium Dome in Greenwich has been turned into a multifunctional events venue, thanks to O₂ and LA-based events company AEG (www.aeg-worldwide.com). Aside from the main arena, 25 cafes, bars and restaurants jostle for business, along with an ice rink, a club (indigO₂), an 11 screen multiplex cinema and an exhibition centre (The O₂ Bubble).

This is more than just a sponsored space: it's a complete destination venue where O₂ customers receive special treatment. 'The O₂ is a unique property; we're not just badging something and gauging awareness,' head of brand at O₂ Susie Moore told Contagious. 'It's a totally integrated customer experience, which allows us to offer our customers priority ticketing, unique customer bars or exclusive downloads.'

O₂ customers can hang out in the blueroom and enjoy a pre-event drink. Post-event, they can download content and forward it to friends. The brand has continued the concept at other events and online too. O₂'s Wireless festival - which takes place during the summer in London's Hyde Park - offers extras for O₂ customers in the blueroom, including massages and non-grim toilets. And at the blueroom online, O₂ customers benefit from exclusive content and mobile downloads as well as the chance to enter competitions or play games to win VIP tickets to events. www.theo2.co.uk / www.o2blueroom.co.uk

03.04 / The website as branded utility real estate

It is on the web that branded utility really comes into its own. 'What I don't think ever existed before the internet was this huge opportunity for usefulness,' says The Barbarian Group's Palmer. 'The internet is incredibly useful.' Instead of having a website merely as a product showcase, brands are taking it a step further and making it do something for people as well.

Damian Blackden, president, digital of Omnicom Media Group EMEA, agrees: 'For me, creating value by enhancing people's digital life through brand behaviour is a very exciting marcoms strategy - being refreshing, rather than just saying refreshing. It's a lot easier to do now because you can communicate and transact using the internet, as well as inform and entertain as you can through other media.'

Babycenter /

Babycenter.com tells the tale. A Johnson & Johnson initiative, it features a host of information and help for parents as well as the company's baby products. It is the biggest baby site on the web: since its inception in 1997, it has been visited by over 100 million parents and has won a slew of awards. In the US it reaches over 78% of new and expectant mothers. The international sites are available in seven languages and a recently launched Spanish-language Hispanic site for the US is available via mobile phone. Says one fan: 'This site contains all that anyone would ever want to know about each stage of parenting right from getting pregnant to raising a toddler. Personally, we found this site really very useful, exciting and informative.' <http://snipur1.com/39z8s>

The advertiser-owned website demonstrates how branded utilities are turning traditional notions of advertising and advertisers' behaviour on their head. Earlier



O₂ blueroom / Wireless festival /



www.o2blueroom.co.uk /



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this year **Noah Brier**, head of planning and strategy at **The Barbarian Group**, gave a presentation on brand versus utility, exploring whether advertisers online should focus on setting expectations for a brand or on function. He concluded that 'for the most part, brands still think of their websites as an advertisement, as paid for media. But it is beginning to change. Brands are beginning to think of themselves as media owners... Now, as more and more brands come to this conclusion they are seeking to build properties that are more than just interstitial advertisements, but instead are destination media properties. Most haven't figured this out yet, but some smart ones, like J&J, have cracked the code.' <http://snipur1.com/39z92>

Pampers /

The baby products sector has been ahead in the branded utility game for some time, as it seeks to win over parents who are actively looking for advice at the most important stage of their life. Pampers.com by P&G is packed full of information and tips for mothers, including pregnancy calendars, e-cards and baby book checklists. www.pampers.com

Bugaboo /

Pram manufacturer Bugaboo has created a smart website to help parents plan fun days out in a variety of city destinations around the world. Developed by Amsterdam and LA-based ad agency **72andSunny**, the site offers detailed, downloadable walking tours. Each city has its own link featuring beautifully presented artwork by specifically commissioned artists and designers. You can preview a daytrip by virtually exploring points of interest along the way, read reviews by others who've made the trip already, and download maps to show you the way. The illustration that adorns the cover of this report is by 72andSunny's founder/partner and design director **Robert Nakata** and is from the map of Brighton in the UK. **'Bugaboo products serve modern parents' functional needs, while bugaboodaytrips.com supports their need to explore - whether it be in their hometown or other cities around the world - and provides parents and their children with activities and places they can enjoy together,'** says Nakata. www.bugaboodaytrips.com

Plum Vision /

Premium organic baby food brand **Plum Baby** has created a series of web-based short films designed for parents to watch with their babies.



Bugaboo Daytrips /



Plum Baby / Plum Vision /





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FACT OR FANTASY

08.01 / The hard facts v the extreme facts

Widgets represent 0.2% of US online adspend in 2008

V

Bank of America's Keep the Change programme has helped US customers save \$1bn

The Guinness mobile application 'Passport to Greatness' saw 1,250 downloads

V

UNIQLOCK has been seen 100 million times

US web widget and application ad spend for 2008 was just \$40m of the total online ad spend of \$27bn

V

Nike+ sold three million Nike+ capable shoes in the first three months of the Nike+ system launch

75% of Beboers say that they are anti-apps

V

60 million apps were downloaded from the Apple Apps Store in its first month

The average branded social networking page has 6,494 friends

V

Babycenter.com reaches over 78% of all new and expectant mothers in the US

08.02 / Popular myths**Branded utility is a new concept**

Actually, it's as old as marketing itself. Great examples like the Michelin Guide, designed in 1900 for French motorists, and the Shell Guides, which launched in 1933, prove that it's been around for decades. Giving something away to promote a product is the oldest marketing methodology in the book.

Branded utility is a digital phenomenon

Digital is driving the trend, but there are great offline examples of branded utility. Pop-up temporary retail stores often provide resources and information in return for brand awareness. Roadshows incorporate plenty of interactive features. Free services at music festivals always go down well. And free gifts, sensitively selected, are still a winner.

Widgets are the next big thing - they will solve all your marketing problems

There are plenty of opportunities for brands to develop or sponsor a widget and play an effective marketing card, but generally they do not find their way to a huge audience. They are more about generating quality of engagement, rather than quantity. They are best deployed as part of an integrated campaign.

Mobile applications are an obvious solution

Yes, there are some great applications being developed. But this is an area that is still a minefield. Platform diversity makes it tricky to create an application that works seamlessly across gadgets and there is not always support available for all devices (Nokia WidSets, for example, doesn't support the BlackBerry Curve). And furthermore, people are hugely resistant to commercial messages via cell-phone. Nielsen's studies in the US suggest that just 10% of mobile phone customers who use data services say that mobile ads are acceptable.



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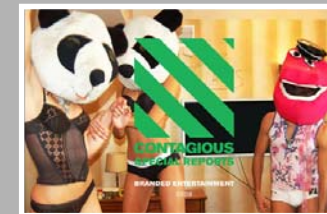
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