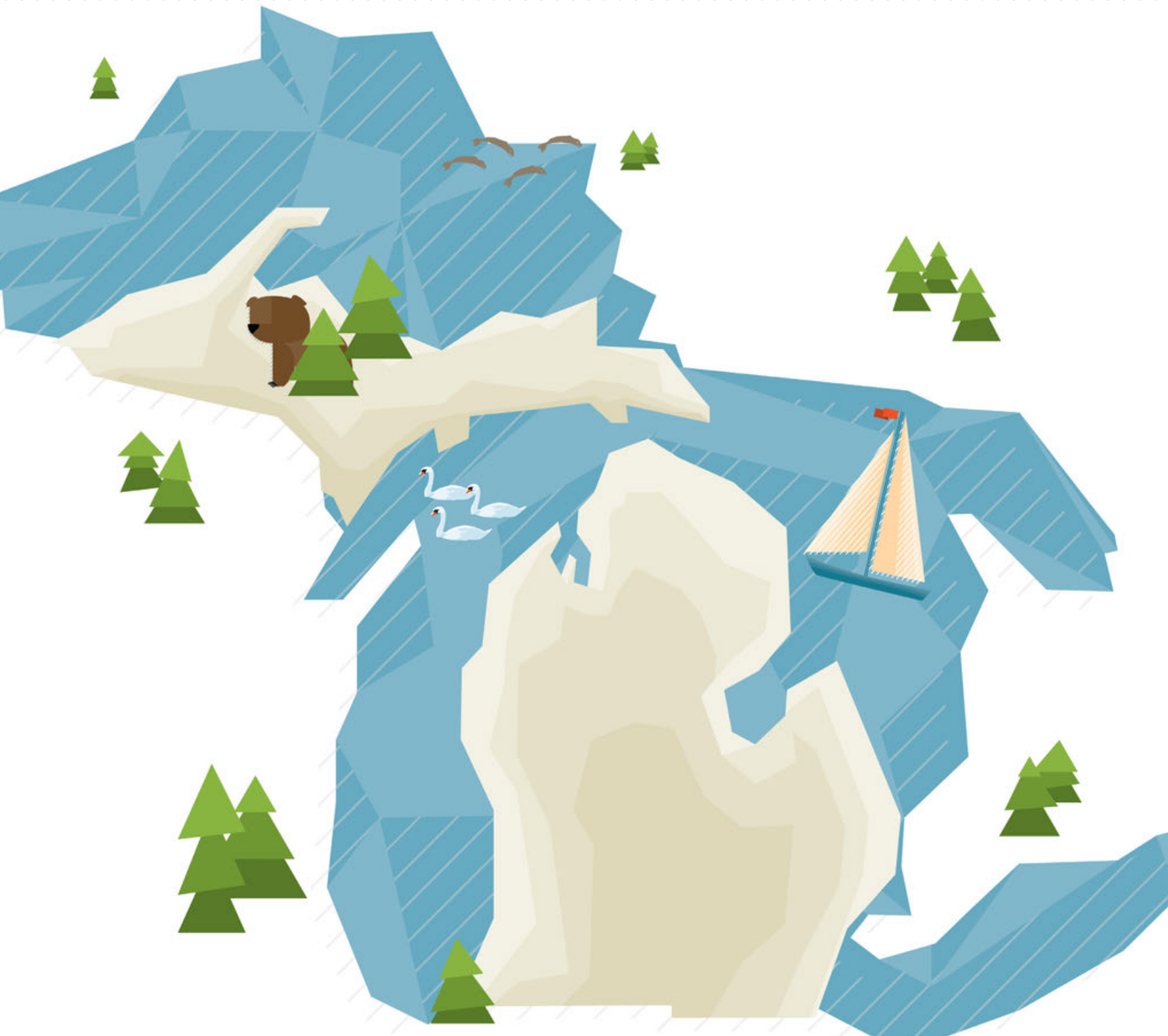


thriving as a
Michigan Business
THE EVOLUTION OF NEW MEDIA MARKETING



MICHIGAN'S RICH CULTURE OF CREATIVITY & ADVERTISING INNOVATION

Michigan. The Mitten State. Home to 36,000 miles of rivers and streams. Its Sleeping Bear Dunes National Lakeshore rivals the Grand Canyon—not in terms of size, but in terms of beauty. It's the land that fostered the Midwestern work ethic and introduced the world to that Motown Sound. It's a land where the people are as diverse and unique as the weather, and where culture and innovation run deep.

In Michigan, Henry Ford built the first automobile designed for the general public. The state is home to a marvel of modern engineering—the Mackinac Bridge. Michigan celebrities include Tim Allen and Jeff Daniels. And it's also home to some of America's most iconic brands, including Whirlpool, Kellogg, Herman Miller, Ford, General Motors, Carhartt, Big Boy and Dow Chemical. Renowned adman Leo Burnett, the person responsible for breathing life into some of these brands, was a Michigan native.

Iconic brands mean iconic advertising—and iconic advertising needs creative minds. Michigan is a creative state with an innate electric pulse emanating from the terrain that calls out with a creative spirit. From the timeless myths of Michigan's Native American tribes to the pull that brought Ernest Hemingway back to our northern woods, Michigan has a long creative history. And it continues to inspire: ArtPrize, the brainchild of Michigan native Rick DeVos (son of Dick DeVos, entrepreneur extraordinaire) began as an idea and grew to become the world's largest art competition.¹ The "Pure Michigan" campaign evolved from a local tourism marketing effort to becoming one of the most successful national advertising campaigns in the past decade² and one that embodies the essence of the state itself.



CARE TO
SHARE?



Since its inception in 2006, the campaign has attracted not only the attention of consumer-tourists, but also cornerstone brands such as Coca-Cola.³ McCann Erickson's Birmingham, Michigan office conceived of the original idea for "Pure Michigan." It was later picked up by Travel Michigan (the state's tourism department) and the Michigan Economic Development Corporation, who revealed that the campaign brought in \$1 billion for state businesses in 2011.³

"Pure Michigan" is not the only recent advertising success to come out of Michigan. The "Imported From Detroit" campaign, which debuted during the 2011 Super Bowl and featured Detroit rapper Eminem, also became a heralded campaign. One that went on to win international acclaim.⁴ This campaign centered not on Michigan's rich landscape but instead on the story of a "downtrodden city with a glorious history that still had much to offer to the world [Detroit]."⁵ "Imported From Detroit" was conceived by Saad Chehab, along with the Wieden+Kennedy agency.⁵ It won an Effie Award in 2011, and because of the campaign's success, Chehab was named CEO of the Chrysler and Lancia brands that year.⁵

Both "Pure Michigan" and "Imported From Detroit" have been boons for their respective brands (the State of Michigan and Chrysler). And, while Michigan brands shouldn't necessarily shy away from using an agency or a creative boutique that's not located in Michigan, they shouldn't lose sight of the fact that Michigan has a thriving indigenous creative economy.

Michigan's creative sector is a major factor of the Michigan economy. According to a recent report, since 2006, Michigan's creative industry has grown year-over-year in both the number of jobs created and the number of arts-related businesses formed.⁶ The creative sector itself generated more than \$710 million in revenue as of 2010.⁶ Michigan's creative environment means Michigan brands have access to top talent right in their backyards. Creative talent is critical to a business's success. Consider these words from a report by the National Governor's Association: "The market value of products [and services] is increasingly determined by a product's uniqueness, performance and aesthetic appeal, making creativity a critical competitive advantage to a wide array of industries."⁷

Creativity is only one cog in the wheel of marketing success, however. Non-Michigan-based agencies and marketers may not know what it takes to thrive here. Being a Michigan business can be tough, especially as the nation limps toward economic recovery. Knowing the unique challenges Michigan businesses face aids the process of thinking of ingenious ways to overcome those challenges.

**CREATIVITY IS A
CRITICAL
COMPETITIVE
ADVANTAGE
TO A WIDE ARRAY
of industries**

CHALLENGES UNIQUE TO MICHIGAN BUSINESSES

Michigan was hit the hardest in the Great Recession of the past six years. Job openings decreased. Competition intensified and many recent college graduates were left with the choice of settling for a lower-paying job or migrating out of the state to find work.

In many respects, this period in Michigan's history resembled the 1936 boxing match between Joe Louis and Max Schmeling. Louis lost the fight—his first professional loss. But the loss strengthened Joe's resolve, and he not only defeated Schmeling in a 1938 rematch known as The Fight of the Century and one in which over 70 million people tuned-in to hear it announced over the radio, he also went on to become the heavyweight champion of the world for the next 12 years—the longest anyone has held such a title before or since.⁸

Like Louis, Michigan has made an impressive comeback. But Michigan businesses still face many challenges. One is the perception that there isn't an abundance of talent left in the state.

That perception may have been true six years ago, but the facts have changed. Michigan's economy is now the sixth-best in the nation.⁹ The creative sector continues to grow and Michigan now boasts the fourth-largest high-tech workforce.⁹ Michigan universities continue to produce stellar talent in niche and growing areas—consider that Ferris State University's Digital Animation and Game Design program was recognized by the *Princeton Review* as one of the premier programs in America.¹⁰

Meg Roberts, president of Molly Maid, Inc., a division of Service Brands International based in Ann Arbor, echoes this same sentiment: "Michigan is home to some of the country's finest universities, graduating top talent in business, technology and engineering...the truth is, Michigan isn't just about automotive anymore. We have a tech corridor of our own...with jobs developing in many sectors."

MICHIGAN HAS MADE AN
impressive comeback



As the Michigan economy continues to improve and as more and more jobs are added, the perception that Michigan is primarily in the automotive industry will slowly fade. The companies and the people who are here now are in the best place to capitalize on the coming opportunities. It may simply take a shift in thinking. Molly Maid's Roberts continues: "The challenge in Michigan is that we've been cast as one-dimensional, when the truth is we have so many facets...a talented engineer becomes a designer, a great advertising person re-emerges as a brand problem solver, an educator evolves into an online training expert. I believe we have excellent talent to fill roles perhaps they haven't even dreamed of."

Michigan is an exceptional place to live and to work. As Michigan's economy continues to improve, businesses are poised to take advantage. Marketing and advertising are essential to continued growth and success, but even this industry has undergone significant change. The face of the advertising industry is different, and a business needs to understand how to find the best marketing and advertising partner.



**THE COMPANIES & THE PEOPLE WHO ARE HERE NOW
ARE IN THE BEST PLACE TO CAPITALIZE ON**
the coming opportunities

DIGITAL: THE CHANGING FACE OF THE ADVERTISING INDUSTRY

Wherever information is being shared or disseminated, advertising is sure to follow.

The first advertisements were simple, often merely text in a box, sometimes accompanied by a rudimentary sketch or picture. Over time, as the medium for communication became more complex and more advanced, so did the advertisements. As the advertising industry matured, competition between brands became fierce and companies came to rely on the knowledge and expertise of an advertising agency to breathe life into the brand.

Kellogg's iconic Tony the Tiger was originally sketched by Leo Burnett Art Director Eugene Kolkey. Herman Miller's iconic "M" was designed by Irving Harper, working for George Nelson Associates, Inc. During the 1950s and 1960s (advertising's Golden Age), a brand needed an agency located in New York or Chicago. Ad talent all gravitated to established agencies, where the expertise was centralized and practically exclusive to Madison Avenue and Town Center Drive. The Internet changed that.

Today's digital marketplace is the great equalizer. Traditional agencies may dedicate entire departments to one medium over another, but boutique shops are plentiful and talent is bountiful.

Advertising is no longer confined to a television screen or a billboard. Brands no longer have unilateral control over their message or persona. The Internet has new mediums accessible for advertising and has given brand consumers an almost-equal say in the way brands are perceived. And so marketers need to tread lightly. According to the American Association of Advertising Agencies (4A's), "[D]igital is unlike any other medium and should not be viewed using traditional benchmarks...the high-volume, low-dollar, high-complexity nature of Digital programs makes it the most labor-intensive medium in the advertising industry."¹¹

Traditional advertising and digital, though different in application, cannot live in separate silos. Integrating traditional media with digital is the trick, but it's more than simply unifying marketing efforts. In a 2009 report, the 4A's concluded that the goal marketers must meet is merging both the consistency of the message



**"COMPETITION
BETWEEN BRANDS
BECAME FIERCE"**

being broadcast across marketing channels and also ensuring that the overall customer experience is continuous and seamless.¹¹ It's also now a function of humanizing the brand and making it accessible through the use of social media marketing.

There's an old adage that you cannot trust marketers. It's commonly said that people don't want to be sold to. So stop selling and start conversing—allow people to believe in the brand and what it stands for. And while trust is hard to gain, it's not impossible—it just takes a little elbow grease and some creativity to make a brand transparent, trustworthy and accessible.

Today's advertising industry is complex and ever changing. Navigating today's marketing field requires more help and expertise than ever before. To stay aloft, businesses need:

- >> The right marketing partners—either an in-house team or agency partners
- >> Proper allocation of marketing dollars
- >> Tools and expertise necessary to analyze and measure returns and results



HOW TO CHOOSE THE RIGHT MARKETING PARTNER

CMOs and marketing departments spend a significant amount of time focusing on the quantifiable dimensions of their brand—graphs, figures, data. Stay within budget. Measure and track return on investment. Review the margins. Ensure each marketing decision is being made with the following two intentions: Grow the brand and make it profitable. For large companies and smaller companies looking to grow, marketing and advertising is no longer a one-person show—businesses need multiple minds and plenty of bandwidth.

Of course, not every business has the capital to afford an internal marketing team. And not every internal marketing team has the resources to maximize marketing dollars. So what's a brand to do? Hire an agency.

Agencies are marketing partners. A good agency shares the same goals as the brand's marketing department: grow the business and optimize the return on marketing dollars. Reputable agencies know they're just as accountable for the marketing dollars as the CMO is to the brand's CEO or CFO.

But what goes into the decision to hire an agency?

Quantifiable data alone won't lend much impact to the decision. Choosing an agency requires the marketing department to step outside quantifiable measurements (at least for a moment) and to use intuition. *Advertising Age* instructs businesses not to "hire an agency," but rather to "hire a culture."¹² More than that, it's about talent and experience. An agency's culture, talent base and its vertical experience are all critical components to developing a meaningful partnership.

That isn't to say there's no quantifiable method for choosing an agency. The Association of National Advertisers' (ANA) and the 4A's collaborated on a set of guidelines for agency searches.¹³ They also developed a three-month timeline for the process:¹³

- >> Identify a Long List of Agencies (1 week)
- >> Send the Agencies Requests for Information (2-3 weeks)



- >> Develop a Short List and Send the Short List Agencies a Request for Proposal (4-5 weeks)

- >> Develop and Review the Finalists; Select an Agency (6 weeks)

It's a significant undertaking, but it's also a strategic investment—a bad choice may, at best, waste marketing dollars and time, or could, at worst, undermine the business itself.

When conducting an agency search, spend time internally to develop the selection team. Set the proper expectations early and spend the first week taking a hard look at the initial long list. Keep the initial long list relatively short and focused; use the entire process to collect knowledge about the agencies—not simply data.¹²

At the forefront of any decision, ask yourself: will the brand and this agency mesh well? Successful partnerships take commitment, trust and communication—if an agency under consideration falters with any of those three key elements, walk away.

There's one more thing a Michigan business should consider—the location of the agency. *Advertising Age* doesn't lend much consideration to location, remarking even that "[l]ocation doesn't matter much."¹² That may hold true as a general rule, but Michigan is cut from a different cloth. Michigan agencies are Michigan businesses, too. They're just as invested in the success and revitalization of the state as other Michigan businesses. More important, they understand the pull and allure of being a Michigan-based company, and they're committed to seeing other Michigan-based businesses grow.

In Chrysler's 2012 Super Bowl ad, Clint Eastwood declared that it was "halftime in America." The same could be said about the state of Michigan. If marketing (and business in general) could be thought of as a game, who better to have in your corner than a company who knows the Michigan playbook and understands what it takes to thrive in the Michigan economy?



HOW TO ALLOCATE MARKETING & ADVERTISING BUDGETS

Just as the Internet changed the face of the advertising industry, it's also affected how marketing departments allocate dollars. According to the 4A's, marketers need to avoid "thinking in silos."¹¹ Media, production and agency fees must all be integrated together into one marketing budget.¹¹ Within the marketing budget, certain dollars may be earmarked for specific expenditures. A business should not, however, work with a separate digital marketing budget and a separate traditional marketing budget—the two need to work together.

Even knowing that, it's tricky to properly allocate marketing dollars within the marketing budget. One common myth about digital advertising is that it's cheaper than traditional media.¹¹ Individual units of digital media may be cheaper than traditional media—video production for a digital property, for example, is much cheaper than the same would be for a television commercial (which would require production costs in addition to costs associated with a particular time slot and length)—but in general, digital advertising requires more time and effort as well as specialized knowledge and expertise.

According to the 4A's, digital marketing requires "significantly more human capital...to service the proliferation of Digital channels...relative to the dollars of media spending associated with the output."¹¹ Despite the greater cost, digital marketing promises much greater returns than traditional advertising. "The promise of digital is that the additional cost of targeted marketing efforts can deliver greater value and more meaningful engagement with consumers."¹¹ It's important for marketers to set aside enough budget to capitalize on the digital opportunities.

Gartner, Inc. estimates that the average business spent 10.4% of company revenue on marketing activities last year.¹⁴ On average, almost a quarter of that marketing budget was allocated to digital marketing services—and that percentage is expected to grow in 2013.¹⁴

Gartner's estimates provide a skeleton for allocating marketing dollars and determining a marketing budget using the following formula:

$$\text{Company Revenue (Gross Profit)} \times 10\% = \text{Marketing Budget}$$

Keep in mind that 10% is an average budget and is used here simply as a benchmark. Once the overall marketing budget is set, the business can allocate the marketing dollars for certain expenditures. It's a good practice to allocate dollars between traditional marketing efforts and digital efforts within



the overall marketing budget. On average, almost a quarter of the budget was dedicated to digital, however Gartner indicated it expects the digital marketing spend to increase as much as 9% in 2013—a business should be prepared to spend between 25-30% of its marketing budget on digital services.

The following formulas can be used to determine your marketing budget's base for traditional services vs. digital services:

Marketing Budget x 25-30% = Digital Marketing Spend

Marketing Budget x 70-75% = Traditional Media Spend

Note that in an increasingly integrated marketing field, some marketing dollars earmarked for traditional advertising may overlap with the digital spend. The above formulas provide a base amount, but consideration of additional factors will cause the numbers to fluctuate. According to a recent article in *Forbes*, companies should consider the following factors:¹⁵

- >> Internal Objectives—goals the business hopes to make either on a quarterly, bi-quarterly or annual basis
- >> Industry Reports and the State of the Market, in general—world events, the ebb and flow of the market in general and the overall direction of a particular industry must be taken into consideration when setting any budget
- >> Past Results—while not wholly indicative of future performance, past results can provide helpful guidelines for justifying increases or decreases in the budget



Viewing the marketing budget as a percentage of revenue is helpful for determining a base point for the marketing budget, but that approach may not help make the business case to the key decision maker (the CEO or CFO) for the money. In many cases, marketers must be able to measure marketing and advertising performance to justify the expense. That's not always easy to do, but the next section will help. Justifying the marketing budget more as an overall investment—as opposed to a mere cost of doing business—may help sway the key decision maker to provide the necessary resources.

HOW TO MEASURE MARKETING & ADVERTISING PERFORMANCE

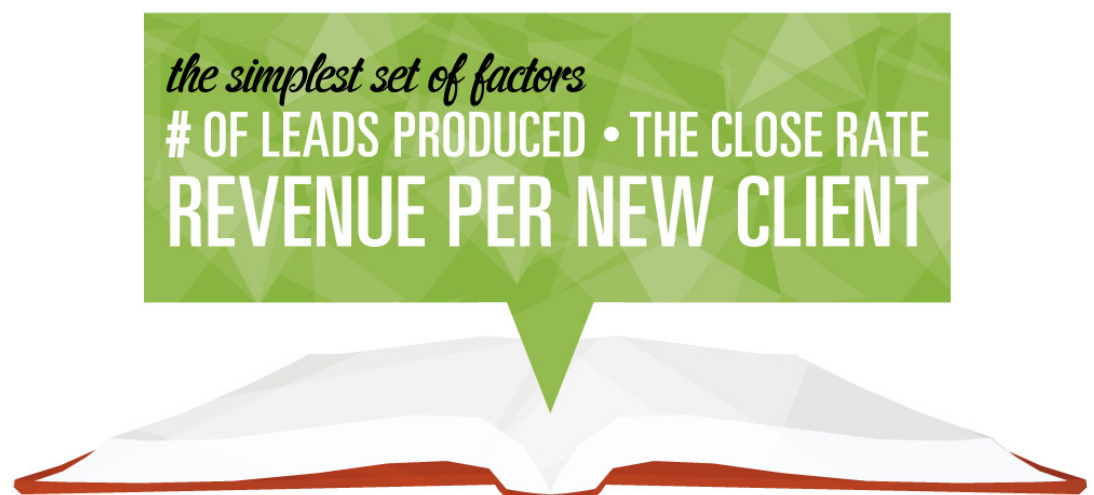
Too often, marketing is seen solely as a cost of doing business, rather than an investment opportunity undertaken to grow the business. CEOs and CFOs want to see the business case for marketing expenditures, but doing so isn't always easy or clear. Marketo, a marketing automation software provider, suggests justifying the budget by proving the case that the dollars spent today will deliver benefits over time.¹⁶ This can be done by showing hard data (if the marketing effort can be measured quantifiably) or else by using projections.

Certain efforts, such as lead generation, can be measured with definitive data shown by the number of leads generated, the number of leads that turned into sales and the dollars that resulted from those sales. Other efforts, particularly those aimed at brand building and social engagement, are more tenuous and rely on assumptions. Marketers should do their best to justify the expenditures based on certain assumptions and using a best-case, expected-case, and worst-case framework.¹⁶ Regardless of the marketing effort, the marketing department needs to plan carefully.

It starts with determining and establishing goals and then designing measurable programs.¹⁷

CEOs and CFOs are generally concerned with marketing's effect on one thing: revenue. Any metric used to measure marketing efforts should be framed such that it describes the key factors that contribute to revenue—marketers then compare expectations with the actual results.¹⁸

The simplest set of factors requires just three metrics: number of leads produced, the close rate and the revenue per new client.¹⁸



While the revenue metric may impress the CEO or CFO, marketers should also utilize metrics to measure the marketing department's effectiveness in general. Based on that data, the marketers can make internal decisions on what seems to be working, what needs to change and what should be cut. Other metrics include:

- >> Impressions (the number of people who saw or were exposed to a particular marketing effort)
- >> Web analytics (Clickthrough rates, page views, social media activity)
- >> Cost per acquisition (or cost per click, for web-based advertising)
- >> Sales force productivity



In addition, keep in mind the temporal nature of metrics—comprehensive measurements analyze data based on what happened in the past, how the same effort is currently performing and what is expected to happen in the future.

There are hundreds of metrics to choose from, some more useful than others. When choosing a set of metrics, be sure there's a method behind the madness. Metrics should be carefully chosen and tailored to measure specific goals.

WHY SAVVY MARKETING NEEDS TO BE PART OF YOUR BUSINESS STRATEGY

The Michigan Economic Development Corporation (MEDC) heralds Michigan as “The Comeback State.” In 2011, Michigan had the second fastest growing economy in the nation. Today, economic activity in the state has hit a 10-year high.⁹ The MEDC continues to provide an abundance of resources to help Michigan businesses thrive. Currently, there are over \$150 million in annual incentives.⁹ Michigan’s corporate tax structure, business law and its talent base make doing business in Michigan a smart choice. But Michigan businesses need something else: savvy marketing.

The face of advertising continues to change. The marketing channels are becoming more complex and diversified. Consumers are smarter, better-informed and less susceptible to traditional marketing tactics.

Businesses need to manage their marketing dollars in a smarter and more efficient manner. More than ever, marketing and advertising can be leveraged not simply as a selling device, but as a means to humanize the business, make it unique and make it accessible to the market. Businesses need marketers who can address problems from a creative standpoint, and then justify the effort using proven metrics and analytics.

There’s no better time to be in business and there’s no better time to be in business in Michigan.

There was a time when some people thought the only way to cross the Straits of Mackinac would forever be by ferry. There were some who thought Detroit’s auto industry would never recover and that the city was destined to deteriorate and fall into disarray. There were some who chose to leave this great state because they believed the buzzer had sounded; the game was over.

And then there were others. Others who, instead of seeing a glass half-empty, saw an opportunity. Others who, instead of quitting after getting knocked down, chose to rise up. There were others who stared across an empty expanse of water and, instead of remaining complacent, chose to build a bridge.

Halftime’s over, Michigan. It’s time to get to work.



ABOUT ONEUPWEB

Oneupweb has been an innovator in digital marketing for more than 16 years, creating integrated online marketing plans that incorporate search, social, design and mobile services. Heralded by an independent research firm for their leadership team, Midwestern work ethic and solid experience in optimizing complicated sites, Oneupweb has been named a Top 20 Search Marketing Agency by *Advertising Age* for five consecutive years, and CEO Lisa Wehr is recognized as an Ernst & Young Entrepreneur of the Year.

Oneupweb is a privately held company located in Traverse City, Michigan. For more information on Oneupweb, please call 231.922.9977, visit OneUpWeb.com.



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