



Consumer electronics: vertical focus - The heights of invention

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Electronics manufacturers are moving online to promote new technology, with imaginative campaigns that emphasise users' experiences over a product-led approach

Quick facts

- 14% of consumers would delay buying consumer electronics products as a result of the economic downturn
- September 2009 saw a rise of nine points in the Consumer Confidence index for consumer electronics, the best level since January 2008
- One of the key challenges cited by leading consumer electronics brands is effectively communicating the complexity of their products to a wide audience, which is why they are turning to digital media
- Online video and social media are two of the biggest digital marketing opportunities cited by leading consumer electronics brand
- Brands are increasingly looking to online reviews and communities to take their messages to consumers rather than waiting for consumers to visit their site.

Consumer electronics brands may lend themselves to sexy marketing campaigns aimed at convincing prospective purchasers that the latest LED flat screen is to die for, or a spanking new digital camera will make their life complete. Yet, however much consumers allow themselves to be wooed, they will invariably go online to find the cheapest outlet to make the purchase.

This downward pressure on prices has compelled brands to find ever more innovative and effective ways of engaging directly with consumers to foster enough love and loyalty to overcome marginal price differences. Online is a crucial weapon in this battle. In 2007, Philips Consumer Electronics, which already sells 70m products online every year, launched a global 'experiential website' in a bid to move away from product-led ecommerce. This aimed to show the experiences of using Philips products rather than simple product pages, as part of a wider shift which included allocating nearly all the company's US marketing spend for its Ambilight TVs to online. Such attempts to use online to communicate products in a more user-friendly, personal way are now becoming the norm. As Massimo Gibilaro, online marketing manager at Samsung (UK), says, "It is definitely our job to demystify technology and make it very, very accessible because we want to celebrate the new



innovation and technology that is in our devices but also to make it very easy for customers to understand first, then buy and enjoy.”

Toshiba recently ran a marketing campaign for its latest LED TV, the Regza SV series, and marketing director Matt McDowell cites this as a perfect example of how digital has extended the opportunities for consumer electronics brands to market their products more effectively.

“It gives us a platform to give a bit more content and a few more answers to the questions raised by traditional media, TV in particular, which doesn’t give answers. It just raises questions and prompts people to want to know more,” he says. “Digital provides a bridge from engagement and interest right through to purchase.”

It is a timely bridge. In a survey of 2,400 consumers in France, Germany and the UK conducted by Canalys in March this year, 14% said the first thing they would do as a result of the economic downturn is delay buying consumer electronics products. That said, the lull may be coming to an end. More recent figures from GfK Technology UK show a rise of nine points in September 2009 for the Consumer Confidence index for the sector, the best level since January 2008.

Either way, brands in this space need to ensure their messages are being heard and most are ramping up digital spend to achieve this. As McDowell says, “Digital marketing is critical to our strategy and has been for about 12 months. If I gave you a rough budget split for this campaign period, around 30% of our media budget is going to digital media, so it is significant.”

Gaele Lalahy, online marketing manager at Panasonic, adds that digital has really exploded in the last year, with the company seeing its biggest digital marketing spend ever - but it hasn’t been easy. “It is always a battle for us digital marketers to educate the top management on what is possible because this industry is moving so quickly. We try to understand what all the changes mean and educate top management on how the brand can benefit. Of course, once we can demonstrate good results, we are able to secure more budget.”

Digital pioneers

The nature of the consumer electronics sector as cutting edge and sophisticated has often meant it’s become the first mover in trying out digital marketing techniques - even if inadvertently.



Ruth Speakman, general manager at Sony Europe, says the company had a somewhat accidental but very early introduction to social media in 2005 when it ran its famous 'balls' campaign to promote its Bravia LCD TV. The campaign was based on a TV ad, but it took off in social media and opened the company's eyes to the power of the platform.

It helped, of course that the company's agency, Fallon, chose to shoot the ad in one of the most connected cities in the world. "People hung out of buildings in San Francisco with their camcorders, filmed the ad being filmed and put it on their blogs," says Speakman. "Our director would get back from the shoot and see his footage online that evening. At the time it was really unusual because the ad agency was saying, 'oh no, you have to keep your powder dry', but it completely changed the way we do things."

But it hasn't been a seamless ride for Sony. The company came under fire when it set up a fake fan site in 2006, alleged to have been created by kids desperately wanting a PSP for Christmas - until the truth was exposed by bloggers. Sony had to hold its hands up to consumers and put it down to experience. However, its recent Twilight Football campaign - to promote the sophisticated technology behind the light sensor in its Exmor R CMOS camera, allowing users to take clear pictures in low light - shows how the company's approach has evolved. "Where previously we would do these campaigns and then run a proactive social media campaign around it, this time we used social media as the campaign itself," says Speakman. The campaign focused on seven twilight football games taking place around the world, using Twitter, Flickr, YouTube and blogs to recruit players and promote the campaign and images. The viral video has been viewed over 2m times, posted on over 900 sites worldwide and receives 50,000 daily views.

Toshiba recently launched its Space Chair campaign - designed to promote its new LED TV - which is rooted in social networking. "Our brief to Grey London, which produced it for us, was quite clean in that we had to sell technology and do it in a way that engages the public, has intrigue and stands out from all the other media pre-Christmas - the loud, sales, price-sensitive stuff - and something that was consistent with our brand and our message of leading innovation," says McDowell.

Toshiba launched a camera rig into near space to record footage for a TV commercial, then invited users to guess where in the Nevada Desert the camera rig would crash land. In September the company did some test marketing via Twitter, flying technology guru 'Joe' to the shoot in Nevada to tweet updates. The test phase attracted 2,000 entries in just two days before the campaign proper - including TV and online - launched on 16 November.

Panasonic has also just launched its first Facebook campaign, designed to promote its latest



compact digital camera, the Lumix ZX-1, which has an 8x optical zoom. AKQA came up with the idea of making ordinary objects eight times bigger to inspire photo opportunities and get people to go online to share their creativity via the social network. Lalahy says that, one week into the campaign, the response has been very positive.

Bigger picture

Toshiba is going further, incorporating social media into its core business strategy and recognising that consumer behaviour is changing in many ways. “Our service and post-sales teams are using Twitter now and forums,” says McDowell. “It is a massive part of their strategy, from after-sales service to customer feedback.” The company’s blog, ToshibaLife, averages 5,000 hits per month and over time the company wants social media to help with its other services. “We get more than 30,000 calls to our support centre per month - Twitter and a strong online presence can help reduce that as it is a unique way of strengthening our relationship with customers directly and openly.”

Sony has also embraced the role of Twitter in the bigger picture. “When we first started we were fanatical about Twitter being quality not quantity so it was purely a PR thing and we only wanted journalists,” says Speakman. “But as time went on it became a lot more relevant for consumers and they would comment and post complaints and the marketing function then responded to it, either by going to customer service or by dealing with it directly.”

The trend towards engaging more with consumers via social media, whether via social networks or via blogs, forums or customer reviews, is certainly growing in this industry, with a strong recognition that brands can’t sit back and wait for consumers to come to them. As Gibilaro says, “It is about opening up platforms whereby we are no longer broadcasting messages but we are participating in conversations. We definitely want to be a part of that, so whichever platform our customer or prospect gets in touch with, we will be there to provide the relevant answers.” Lalahy takes a similar view, using expandable MPU advertising on targeted external websites, allowing consumers to access in-depth information without leaving the original site. “We are moving away from trying to put all the content on our own website - of course we do that too, but we are also trying to put content where the customer is, that’s very powerful.”

Customer communities

A key part of the move towards a more customer-led marketing process is the growth in the popularity of customer reviews. As Stephen Jio, eBusiness programme manager at Dell EMEA Consumer, says, “Customer testimonies, along with other social media initiatives,



have become important elements of our marketing as they provide 'objective' reinforcements of our brand and product. What was once considered a tactical exercise is now highly regarded as a fundamental part of our strategic positioning in the marketplace."

Toshiba's user reviews area had over 1,200 reviews in October alone, while retailer Comet has also found an appetite for reviews among its customers. "Something which surprised us is that there is quite a strong Comet community - we didn't think there was initially," says Robbie Tutt, web design and development manager. "We also found that they have lots and lots of questions about our products - they are asking each other through reviews and on different forums." As a result Comet is in the process of launching its question and answer service, which will allow Comet experts and customers to answer consumers' questions online. Tutt hopes it will form the basis of a wider online Comet community.

Lalahy says Panasonic also has customer reviews in the pipeline and will be open to both positive and negative feedback as long as it's constructive and relevant. "We are not shop owners, we are at HQ, so we don't often get the opportunity to get real-time customer feedback and we think this will prove an invaluable way of feeding information back to research and development." Panasonic is also looking at developing more online communities, having already launched a community for customers of its Lumix camera range. "It's really about trying to build up a sense of dialogue with people, to try and give them what they want and make them happy, and for them to relay that message to their peers, friends and colleagues. We know word of mouth is more powerful than advertising so this is focusing on developing that side in different ways."

TV time

Online video is increasingly being used for educating consumers. Samsung has used the medium to offer a tutorial of sorts, based around its YouTube channel as a platform. "We have a couple of videos we have tried to web syndicate as much as possible whereby we try to show within a simple video, presented by one of our technical managers, how convergence works," says Gibilaro. The company also used YouTube to syndicate its last LED TV campaign, attracting over 23,000 views in six months on the channel. Samsung also embedded the videos within expandable MPUs, making it easy for consumers to view the video without leaving the site they are browsing.

Panasonic has learnt that this same format works well for communicating its products, after testing different formats for the last year. "We have done two campaigns using expandable interactive MPUs and they have been extremely successful, allowing us to use interactive and video," says Lalahy. "Because our products are quite complex they are not easy to



market, but we have seen expandable MPUs allow us to go into depth without taking customers away from where they are.” The campaign the company ran on Yahoo in June, to launch the first Blu-ray recorder in the UK, achieved a 9% click through rate using Flash overlay on a video MPU, in conjunction with behavioural targeting.

The consumer electronics sector is turning to video and social media, giving brands a platform to bring their complex offerings to life and create valuable communities of brand ambassadors. A greater voice for consumers has also meant brands have had to up their game. “The growth in online reviews, ratings and feedback forums puts power in the hands of consumers,” says Tutt. “You do see retailers emerge from that, which use community-based tools to listen to their customers and stand out in reviews and ratings.” Jio agrees, saying the growth in digital marketing has forced a rethink. “I believe it certainly has provided new opportunities to new players in the market and has allowed the ‘reinvention’ of many established ones. It has caused a shift in market share, with companies which understand digital marketing making gains.” And some electronics brands, it seems, are more switched on than others.