

Cassies 2006 Cases

Brand/Case: Covad Communications

Winner: Events, Seasonal & Short Term—Bronze

Client Credits: Covad Commmunications

Debbie Jo Severin, VP Marketing
Charlie Hoffman, President/CEO
Andy Lockwood, Exec VP of Strategic Development

Agency Credits: GJP Advertising

Alan Gee, CEO
John Farquhar, EVP, Creative Director
Gerald Flach, Associate Creative Director
Trevor Schoenfeld, Associate Creative Director
Kevin Pfuhl, EVP Strategy Director
Brady Gilchrist, SVP, Digital Media
Nicole Milette, Director Interactive Creative
Peter Boggs, SVP Communications Strategy

Crossover Notes: All winning cases contain lessons that cross over from one case to another. David Rutherford has been identifying these as Crossover Notes since Cassies 1997. The full set for Cassies 2006 can be downloaded from the Case Library section at www.cassies.ca

- Crossover Note 1. What a Brand Stand For.
- Crossover Note 2. Brand Truths.
- Crossover Note 19. Great minds think alike.

To see creative, go to the Case Library Index and click on the additional links beside the case.

EXECUTIVE SUMMARY

Business Results Period (Consecutive Months): May – June 2005
Start of Advertising/Communication Effort: May 2005
Base Period for Comparison: Historical data

Note: This effort ran in New York, Baltimore, Washington DC, Chicago and San Francisco/Oakland.

As a relatively unknown player, with limited marketing dollars, Covad Communications sought to break the dominance of the telcos by introducing a VoIP based business-class service to small and medium businesses in the US.

Consider the challenges.

Although VoIP is far superior in cost savings and productivity, it is still unproven compared to traditional telephony. IT and Telecom managers are also difficult to reach through mass media. And Covad could never outspend the competition, since the U.S. is dominated by big brands like SBC, Verizon and Sprint—who hold a virtual region-by-region monopoly on traditional business telephone services.

This case describes a plan deigned to break through these barriers, based on a horror-based campaign called "The Ringing."

Across May 16 - June 16, 2005 "The Ringing" generated almost 60,000 unique site visitors, and lifted Covad's advertising awareness from dead last to number seven. It also generated over 1,000 qualified sales leads, and a converted sales lead, over three years, is worth close to \$100, 000.

SITUATIONAL ANALYSIS

a) Overall Assessment

VoIP allows companies to work less expensively and more efficiently. The problem is that few companies understand its true potential.

VoIP also involves a significant learning curve, It requires new software and equipment, and an average investment of \$38,000 per business—no small amount in the small to medium business world. Due to this, the VoIP sales cycle is at least 90 days.

We were faced with the classic marketing dilemma. VoIP was better, but our potential customers did not recognize the flaws in their old telephony system. And added to this, Covad was an unknown brand. [Crossover Note 1](#).

b) Resulting Objectives

- Build awareness for Covad as a leader in business-class VoIP
- Educate and inform IT and Telecom managers that Covad VoIP is a productivity and cost savings solution—and that traditional telephony is hurting their business
- Generate qualified sales leads

STRATEGY AND INSIGHT

Focus group research told us that prospects needed to know three Covad advantages:

- 1) Cost savings
- 2) Reliability
- 3) Productivity improvements

Research also told us that prospects are four times more likely to purchase from companies they know. (This gave the big telcos a significant advantage over Covad.) However, those who disliked or feared the big telcos would be most open to our message.

The decision makers were IT and Telecom managers—and they are among the most media savvy on the planet. They live with technology and have a masterful command of the Internet, bypassing most traditional forms of media.

They are also one of the most TIVO loving segments of the US population, and they use peer-to-peer learning through niche websites and blogs.

We needed to break into their world. The Internet was at the center, so we needed to drive prospects online. We needed a Trojan horse to bring prospects to us based on their desire to innovate and their distain for the big telcos. **Crossover Note 2**. This led to the following:

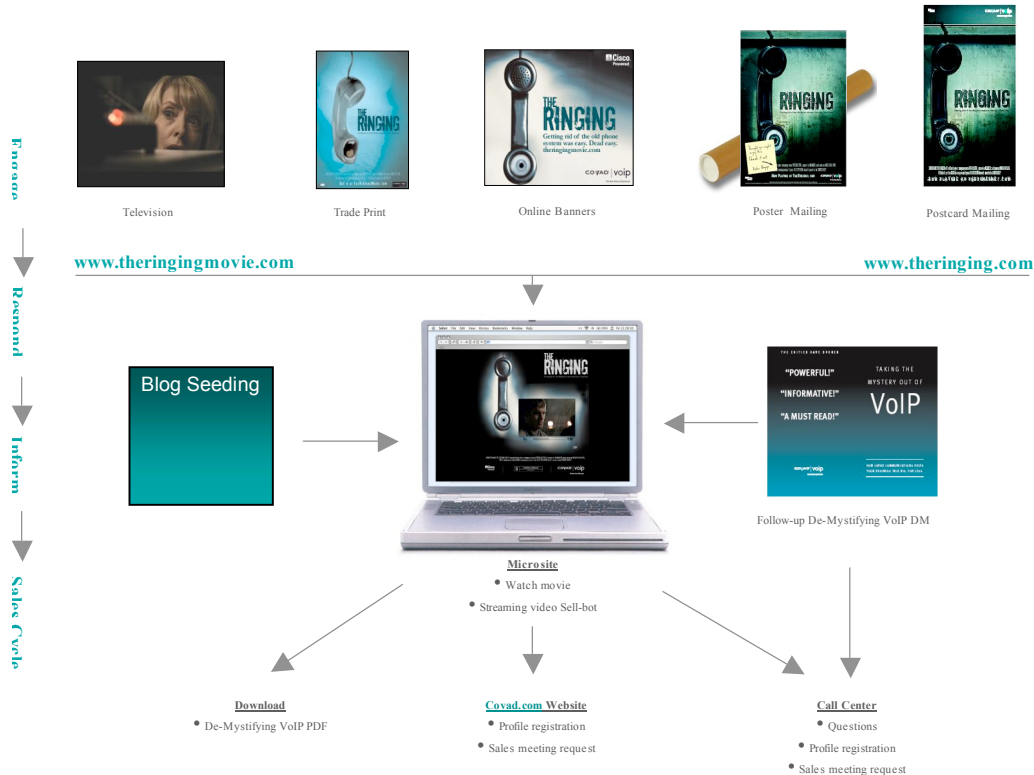
- **Paint a picture of the enemy.** We learned in research that IT Managers mistrusted the phone company i.e. did not believe it was best serving their interests. We used this in the creative idea "get rid of the phone company before it puts you out of business."
- **Communicate under the radar.** We knew movie-trailers were the most watched ads on television, and that movie trailers are the least likely spots to be TIVO'd. So we used the horror and suspense genre, and developed "The Ringing" campaign. **Crossover Note 19¹**. It channeled prospects online where they saw a 3:35 minute horror movie about an evil, out of control phone system.
- **Use mass media selectively and direct marketing impactfully.** Although IT decision makers are not avid viewers of TV, they like Comedy, Space and Sports. We bought TV nationally in line with this. We also used Direct Marketing in a movie poster format to integrate it with the creative idea.
- **Sell them once you've entertained them.** After the movie, we had an online sales pitch for VoIP and Covad. It handed off qualified leads to www.covad.com -- the company website and the sales process.

¹ Lait au Chocolat, to an entirely different audience, also used the horror format, and won the Grand Prix.

EXECUTION

The campaign used six media.

Covad "The Ringing" Overview



Microsite to Entertain and Inform

"The Ringing" story shows the office staff trying to disconnect the phone system and get away from the evil phone company. Just as the system is about to overwhelm them, our hero from Covad shows up to save the day. Then a Sell-bot featuring the Covad hero tells prospects about Covad and the VoIP advantage, invites them to learn more, and register for a Free Voice Assessment by transitioning to www.covad.com. Those who progressed to the end of the process were very qualified leads.

Television to reach a Mass Audience

To drive traffic to the Microsite we cut the horror film into two 30 second trailers about an evil phone company. While we knew this would attract people outside our target, we designed the messaging on the Microsite to qualify and deliver only quality leads.

Trade Print to reach IT Telecom Professionals

We ran ads like movie posters in trade and vertical publications, driving traffic to the Microsite. This type of dramatic imagery is not generally seen in these publications.

Online Advertising

This focused on the big box format using the movie motif. It used a mix of websites that indexed against IT managers and decision makers.

Direct Mail to Decision Makers in their Offices

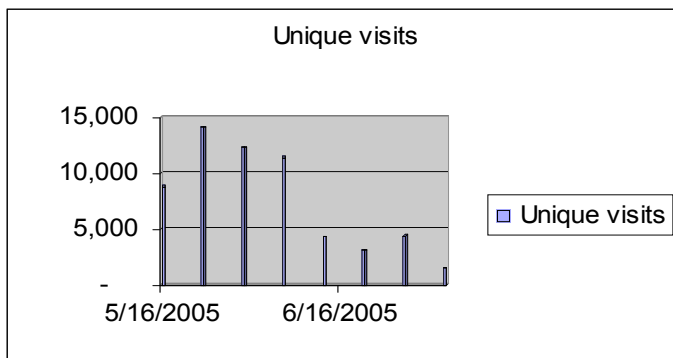
We ran a split test—with a movie poster plus hand-written Post-It Note versus a hand-written postcard. Each piece was designed to get the prospect on line.

Blog Seeding to initiate Viral

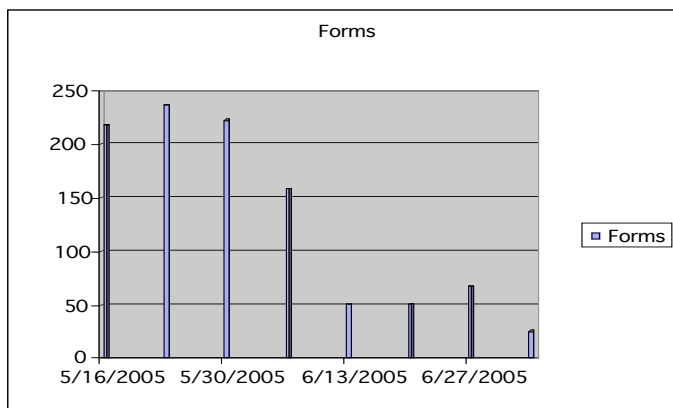
We distributed messages asking people to check out the online movie about an evil phone company.

BUSINESS RESULTS

The results exceeded objectives for lead generation and awareness.



“The Ringing” campaign generated 59,886 unique visitors to the Microsite.



Over 1,000 lead generation forms were clicked representing a 400% increase per week over Covad’s baseline. This was enough to fill the sales funnel and keep Covad’s field reps busy for months conducting voice assessments and closing sales.

Editor's Note: Because of the time it takes to turn a lead into a closed sale, the case is not able to quote final sales results. However, a closed sale is worth something in the range of \$100,000 over three years, so the 1,000 leads represent a "pool" of approximately \$100 million, for an investment of a few million.

A pre & post survey conducted among IT telcom decision makers showed the campaign vaulted Covad from dead last in advertising awareness to 7th position.

VoIP Providers	Wave 1 May 9- 13, 2005	Wave 2 Jul 14- 23, 2005	Variance
Vonage	45	45	0
Verizon	32	35	3
AT&T	27	27	0
Comcast	26	20	-6
Sprint	20	20	0
SBC	18	18	0
Covad	7	13	+6
MCI	10	10	0
Net2Phone	9	9	0
Cablevision	9	11	2
Avaya	8	8	0
Qwest	8	10	2
Cox	7	4	-3

CAUSE & EFFECT BETWEEN ADVERTISING AND RESULTS

Since online was the creative hub of the campaign, we tested the persuasion ability of the TV advertising to get visits to www.theringingmovie.com. Approximately 53% of respondents claimed the TV was very compelling in driving them to visit the website. Overall persuasion of the ad(s) performed better than 83% of the ads in OnSurveys normative database.

We could also identify how each medium attracted prospects and moved them through the sales process.

- The campaign drove visitors to the Microsite within minutes of going live.
- Television generated the greatest Microsite traffic.
- Direct mail and Trade Print ads generated over 20% of the Microsite traffic.

Note: All online advertising was tracked using Mediaplex and ROI tags to quantify the effectiveness of both site placements and creative units.