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BMG Canadian Launch Campaign

EXECUTIVE SUMMARY

BMG Music Service is an international music club that sells compact discs and cassettes via the mail. Headquartered in Europe, BMG is the world's second largest media company. Among other companies, it owns record labels RCA, Arista and Ariola; and publishers Bantam, Doubleday and Dell.

In September 1994, BMG decided to launch its mail order music club in Canada. BMG was virtually unknown here at that time. The market was owned by Columbia House – the largest music club in the world. They had enjoyed forty years of unchallenged supremacy.

BMG set what appeared at the time to be very aggressive membership objectives, and achieving these would be the sole measure of success.

We concluded that consumers were 'fatigued' by lack of choice, and that they had an issue with the Columbia House offering – which they saw as locking them in to a long-term commitment. We decided to make BMG radically different. We would be 'the music club for people who hate music clubs', and we would ask for no commitment beyond the initial trial-generating offer. This rapidly established BMG as the alternative.

We developed a fully integrated mix of direct response TV and radio (the first broadcast in the category), solo direct mail, direct response print inserts, package inserts, and targeted co-op mailings. Results were outstanding:

Within 3 months, BMG had:

- 70% unaided awareness
- 300,000 memberships (more than double the 3 month objective)

Within one year:

- Membership was 300% of forecast
- BMG had a 50% market share
- Average dollars/transaction were 300% above the ingoing forecast

Simply stated, this was the most successful launch of any BMG product or service anywhere in the world.

SITUATION ANALYSIS

Columbia House had been the monopolist for over forty years in Canadian music service. They were a mail order business and communicated with their members exclusively through the mail. The market was primarily active music buyers, male skewed, between 18 and 49 years of age. There were several secondary segments, including dormant music buyers (dissatisfied with the retail and club experience), baby boomers, and Columbia House current and lapsed customers.

As a result of limited choice (in the industry and in Columbia House's selection) there was high fatigue and disillusionment. Also, Columbia House members had to commit to buying pre-set numbers of cassettes or CDs. This guaranteed Columbia House's financial returns, and their sales remained fairly steady. But people tended to join, collect for a while, and drop out when the commitment was fulfilled—not liking to be locked-in.

At launch in September 1994 BMG was virtually unheard of. The challenge was to quickly establish BMG against Columbia House, and cut out a market niche from which to grow.¹

STRATEGY AND EXECUTION

Re-Defining the Market

Given the disillusionment, it was vital to change music buyers' perceptions of music clubs. This led to the crucial decision:

BMG would be radically different. ^{2,3}

- BMG members would be able to buy what they wanted, when they wanted – after the initial trial-generating offer. This would be our unique selling proposition: 'No commitment to buy more, ever.'
- BMG would be iconoclastic and irreverent: 'The music club for people who hate music clubs.'
- BMG would change the category's use of media.⁴ We would use television and radio—a first—and launch a fully integrated campaign. This would reinforce BMG's uniqueness, and rapidly build awareness. (see [Figure 1.](#))

The Introductory Offer

We had an excellent introductory offer, with slight variations by medium. In broadcast, it was 8 CDs or cassettes for the price of one. In print and solo mail it was 9. In either case, there was 'no commitment to buy more, ever'.

(Note: Columbia House counter-attacked after about 3 months – enriching their acquisition offer to 11 and 12 CDs for a penny, with TV and radio support. Our momentum continued.)

The Fully Integrated Campaign ⁵

The launch was a high-impact, multi-media campaign, with direct response television and radio, solo direct mail, direct response print, package inserts, take ones, and co-op mailings. We created a follow-up/bounce-back package for those responding to TV and Radio 1-800 numbers. New members also got a complete membership guide in a CD jewel case. Total creative integration across the entire program was crucial, with memorable 1-800 numbers throughout to drive direct sales.

Creative materials

The target was a broad range: Youth, Baby Boomers and Country listeners—with TV and Radio in :60s and :30s for each group:

Youth Audience	Baby Boomers	Country listeners
'Lips'	'First Time'	'Butt'

The creative was in-your-face, just like the BMG personality. All creative had the tag-line 'Experience the Freedom' and 'no commitment to buy more, ever'. Creative elements were carried through all materials to maintain the visual style.

We produced three packages for national direct mail. 'Attitude' was a full colour, break-through-the-clutter

package, using the characters from 'Lips'. 'No Strings Attached' used visuals from all three TV concepts. 'Red' was straightforward, and was based on the 10 year control package from the US. (Note: this was BMG's leading package worldwide for soliciting new customers, and within three months, 'Attitude' and 'No Strings Attached' had both beaten 'Red'.⁶

RESULTS

To measure success and ROI, we tracked every medium, direct mail list, offer, and creative execution. Broadcast media leads were captured through in-bound telemarketing, using different 1-800 numbers. Solo mail, print, and free standing inserts were all tracked through pre-coded materials. This led to a comprehensive launch analysis. Results far exceeded expectations:

At 3 Months:	70% unaided awareness. 3000.000 memberships more than doubled expectations
At 6 Months	Membership hit the target projected for the third year
At One Year	Membership was 300% of the launch-year forecast. Average dollars/transaction were 300% higher*

***a significant achievement considering there was 'no commitment to buy more, ever'.**

Results by Medium

Every component was measured, and all contributed significantly:

TV and Radio	Generated 500,000 qualified leads.
Bounce-Back Package	Achieved 30% conversion rate
Direct Mail	Beat US control benchmark response rate by 78% Cost/Response 35% lower than the US average
Print	Beat US control response rate by 220%. Cost /Order 50% less than US average
Take-One Program	Cost/Response 11% under budget
Package Inserts & Co-op	More than doubled the US control response Cost/Response 35% lower than the US average
Back-end Member catalogue	Not an Acquisition tool but achieved average \$/sale 300% higher than US sales per member

ISOLATING ADVERTISING AS THE VARIABLE

By the nature of direct response, we know that advertising drove the results.

CONCLUSION

BMG took on a monopolistic competitor. They used a totally integrated campaign. They broke the creative and media conventions in the category. They delivered outstanding results, and they beat longstanding US benchmarks.

A fine example of 'made in Canada' advertising.

ENDNOTES

1. David and Goliath.
2. Digging for Insight. Using Negative Sell.
3. Breaking conventions.
4. Noteworthy media.
5. Integration.
6. Oh Canada! Beating longstanding US benchmarks.

This campaign had the strongest of all the cross-border endorsements. Key elements were exported to the US for a major acquisition effort there. It also won important awards: The prestigious international ECHO award in 1995 in the Multi-Media category: A silver RSVP in Canada for Multi-Media in 1995, and another silver RSVP for leisure products and services at the same show

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NOTES & EXHIBITS
