

The Power of On-Pack Promotions

Excerpts from original article

Chalk it up to a music industry desperate for new revenue; credit the disenchantment of teens with mainstream media; or tie it in with the cultural hug given the iPod: digital music was huge for brands in 2004, and by all indicators, it will play an even bigger role in 2005.

Pepsi-Cola Co. showed the way in February 2004, with an offer of 100 million free iTunes downloads via an under-the-cap promo. The campaign targeted teens and young adults with codes in select Pepsi, Diet Pepsi and Sierra Mist bottles. Consumers had a one-in-three shot of winning redemption codes, that were entered at Apple's iTunes Music Store (typical value: 99-cents each).

"The strength behind the promotion was the ability for like brands to connect," says Lon Schwear, president of TracyLocke. The Wilton, CT-based agency handled the campaign's in-store materials, signage and billboards.

The freedom to "cherry-pick" songs off albums was a plus, "We're in an era of precision and control," Schwear says. "What consumers want out of that is, 'Don't tell me. Let me tell you.'"

Following Pepsi's lead, other brands have latched onto digital music premiums. Sony Connect, Inc. joined with United Airlines, letting passengers earn and redeem United Plus Miles for music at Sony's Connect Music Store at Connect.com. Sony kicked off the "Miles for Music" promotion with a live, in-air performance by Sheryl Crow on a United flight from Chicago to Los Angeles in May 2004. The idea was to tap into the 40 million fliers who have unused United Plus Miles, says Jay Samit, general manager of Sony Connect.

The campaign was just one of many brands Sony partnered with to promote digital downloads. In June, Sony Connect linked with McDonald's Corp. to launch an international promotion, Big Mac Meal Tracks, which featured free access codes redeemable for digital downloads. In-store materials and radio and TV spots supported the promotion.

Consumers who purchased a Big Mac received a free access code for one song download printed on the sandwich carton. At the time, music enthusiasts chose from 500,000 songs. Sony Connect now offers listeners one million songs. The promotion was aimed at consumers 18 to 24 and ran from June 8 through mid August in the U.S., Puerto Rico, Canada, the U.K, France and Germany.

"This is where young adults were playing," says Gary Rosen, McDonald's Corp. senior director-global marketing. **"It's all about being where they are."**

As a result of the promotion, **McDonald's reported an increase in sales and repeat customer visits**, according to Rosen. "Not only did they get a great McDonald's meal, but they also got their choice of music," he says of consumers. "When you give them something they want, it's only natural they want to continue to experience it. It's all about providing a value to the consumers that they couldn't get anywhere else."

Representatives from Sony refused to provide figures on the promotion's redemption rates, but Samit says the campaign "exceeded our expectations." Sony also partnered with clothier American Eagle Outfitters in November for a gift with purchase promotion. Consumers who spent at least \$75 in the store received \$10 worth of downloads from the Connect Music store. The promotion drove "millions to the site," Samit says.

The popularity of digital music is evident. Digital music is projected to grow from \$601 million downloads, including tracks and subscriptions, in 2005 to \$4.5 billion in 2008, according to Forrester Research.

Following McDonald's lead, Burger King joined the digital download craze last fall with America Online. Consumers who bought a Whopper or Double Whopper received a free music download or two free downloads, respectively, through AOL's music partner, MusicNet, by logging on to haveityourway.com.

The "Have It your Way" campaign let consumers download a song, a concert or an artist interview, says Cindy Syracuse, senior director-national promotions, Burger King.

"Just giving away a song is not enough," Syracuse says. "For Burger King standards, it has to be truly embraced to have it your way."

Unlike its counterpart McDonald's, Burger King geared its promotion toward males between 18-34, with females in the same age group skewing closely behind, Syracuse says. Burger King reported increased Whopper and Double Whopper sales from the campaign, she says. National print and television ads and in-store merchandising supported the promotion.

Burger King's link with AOL was part of an ongoing relationship the two brands have shared over the last few years, says Clay Buckley, AOL's VP-partner marketing. The campaign brought "a lot of recognition" to AOL music content, he says.

"Digital downloads are a very popular item," Buckley says. "We are working very hard to make sure we provide to customers...what they want and how they want it."

Cell phone ringtones or music tones are hot premiums. Ringtones (tunes that identify a call or incoming message) are identifying marks that are an inexpensive way to customize cell phones, says Cingular Wireless spokesperson Alexa Kaufman. Cingular allows subscribers to choose from alt/rock, hip hop/R&B, pop and Latin and TV and movie soundtracks. Tones cost .99 cents and up.

Downloads have jumped 206% since January 2004, Kaufman says. Music Tones accounted for 57% of Cingular's tone revenue over eight months, she adds (the other 43% were mono- or polyphonic tones).

More consumers are using pop songs to dictate the sound of their ringtones. The phenomenon has become so big, *Billboard* magazine tracks the top ten most downloaded songs. Last month, Snoop Dogg's "Drop It Like It's Hot", featuring Pharrell, topped its Hot Ringtones chart.

Verizon Wireless reports its customers download about 9 million items per month, the majority of which are ringtones, says spokeswoman Marcia Simon. "That's huge," she says. "Data is a big opportunity for wireless carriers."

Like its competitors, Verizon Wireless offers subscribers a library of digital tones through its Get It Now service. They can download music clips from sound recordings, digital voice tones, polyphonic ringtones, and wallpaper images. Download charges for the service vary based on usage.

Sprint gives consumers the option to download "BlingTones" or ringtones created by hip-hop artists exclusively for cell phones. BlingTones cost \$2.50 each.

To bring cell phones and music on another level, Sprint in December launched its Music Choice program, a music network that lets subscribers listen to popular music, read the latest music news or hear artist interviews. Subscribers can listen to tunes streamed in from audio channels in almost any genre. Customers can also access video clips and music news via Sprint's Music Choice News program.

"More and more people are using their phones for other things. That will continue to rise," says Nancy Beaton, general manager, Wireless Music and Personalization for Sprint.

The service lets cell phones act as portable music players. "People want a few minutes of entertainment while they are walking down the street," Beaton says. And the quality? "It sounds much like the radio," she says. "The quality is very good."

— *Amy Johannes*

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