



Getting Engaged: Advertisers Search for Their Voices on YouTube

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Here's the set up: Three college guys are on a 600-mile road trip to Daytona Beach, Fla., for spring break. The student in back mentions casually that he has brought along a bard. His friends up front peer around and see two Elizabethan-looking musicians with a tambourine and recorder. "A bard?" they ask. "Yeah," says the third student. "He sings about our deeds and adventures and stuff. My family got one when we went skiing in Vail; it's pretty sweet."

This two-minute video created by a professional comedy trio, is currently one of 10 semi-finalists in a comedy sketch contest on YouTube sponsored by Toyota's 2009 Corolla, a car whose advertising motto is, "Live the Dream for Less Coin." If you can't figure out what's funny about a bard in the backseat, or how the phrase "less coin" is anything but bad grammar, don't take it personally: You probably just aren't in the demographic Toyota is targeting with its ambitious YouTube campaign.



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With viewers migrating online, and YouTube accounting for roughly a third of all online-video watching, the Google-owned video-sharing site is a new advertising hot spot. But finding a home in the medium is not so easy, Wharton professors say. In a digital world of instant feedback and ruthless honesty, a company can either score major brand points or look as ridiculous as any adult does who tries to hang with the cool kids.

"Traditional ad campaigns are good at building brand awareness, but not among younger people. To reach them, you want to seem edgy," says Wharton marketing professor [Jonah Berger](#), noting that, as Toyota's second least expensive car, the Corolla is targeted at a younger, less moneyed crowd. But being edgy is harder than it might appear. "How do you make the Corolla seem irreverent? You can't fake that; you actually have to be that way," Berger says.

Whether YouTube users find the Corolla convincingly edgy remains to be seen, but given that one of the 10 finalist videos in the Toyota-sponsored contest is titled "The Hot Farts," it seems clear Toyota is comfortable with pushing the limits. The company is "trying to develop a relationship with the next generation of Corolla buyers," Toyota spokeswoman Cindy Knight told Courtney Messenbaugh, a blogger at MotherProof, a division of Cars.com geared toward women and mothers. Knight defined the Corolla's target customer as educated, upwardly mobile digital natives who are immersed in online media like YouTube.

While Knight and other Toyota representatives declined to reveal how the YouTube campaign fits into the broader marketing campaign for the Corolla, *The Wall Street Journal* reported that the YouTube campaign cost Toyota \$4 million and involved intense collaboration among YouTube, Google, Toyota and Saatchi & Saatchi, the New York City-based advertising agency hired by Toyota.

The Butler Did It

The 2009 Corolla campaign, launched in early March, features two separate "channels" on YouTube. The first, Sketchies II, home of "Bard Spring Break," offers cash and prizes worth \$40,000 for the best user-generated comedy sketch. A winner will be selected in April or May. The Corolla features prominently on the channel's home page, with links to Toyota's own website, plus several Toyota-created video spots that advertise Corolla 2009 features through stagey gags involving an English butler.

But when it comes to the user-created videos themselves, the 2009 Corolla is nowhere to be found. In "Bard Spring Break," the college guys are driving a Honda. In another finalist video, "Shotgun Song," three guys fight over who will get to sit in the front seat of their friend's BMW. The soft touch on branding, of course, may be part of Toyota's strategy. Kim McCullough, Toyota's corporate manager for marketing communications, told *The Wall Street Journal*, "If you just bombard these sites with traditional advertising, you are going to turn off the customers, and that is not what any of us want to do."

But Berger says it is possible to downplay a brand too much. "If the online conversation is about the videos, and Toyota is not part of those videos, then people don't talk about Toyota," he says. Because of YouTube's user interface, viewers can watch all 10 Sketchies II finalists without ever visiting the channel's home page, which contains the content specifically promoting the car.

The second aspect of the 2009 Corolla YouTube campaign is a custom-designed channel called "Best in Jest," which aggregates the funniest YouTube videos of the week. These videos are often the production of professional media outlets, such as the humor newspaper and website, *The Onion*, or companies like the Mountain View, Calif.-based VeriSign, which currently has a video campaign about a fictional man with a spiritual calling to help abandoned shopping carts. Berger likens Toyota's "Best in Jest" channel to corporate sponsorship of a film festival or a battle of the bands. "That's a more traditional route, and a safe one. It creates positive brand associations, but because it's less risky, the returns are also not as high."

Customer as Participant, not Audience

Advertising campaigns on YouTube or other video-sharing websites present a particular challenge, says Wharton professor of operations and information management [Kartik Hosanagar](#), who is currently researching Internet advertising. "You cannot walk into an ad agency and say, 'I want a video about these features of my product, and I want it viewed this many times, with this level of ratings.'" With video-sharing sites like YouTube, he says, "the goal is to create an experience the customer remembers." Such an experience cannot simply be ordered up or manufactured.

Advertising, of course, has always been about buzz, but what's new here is engagement, says Hosanagar. "Previously, customers were the audience, and advertisers tried to figure out what to show them. In the online environment, customers are participants."

A spokesperson for YouTube states in an e-mail that "The entire YouTube marketing platform is about engagement. Our users celebrate what they consider to be good advertisements and promotions and feel obligated to voice their views about those they do not like. They share and comment on ads, and respond by submitting their own content, participating in contests, and engaging in creative dialogue with others who share their interests. It is this active engagement that many advertisers seek in order to communicate and reach new consumers."

Such engagement can offer huge rewards, according to [Xavier Drèze](#), a Wharton marketing professor. "It offers a way to cut through the information clutter. Because customers are bombarded by so many messages, they tune them out. If you can get them involved in making their own message, that's like getting in through the back door." Brands such as Frito-Lay's Doritos, for example, have been successful in asking customers to create their own videos. Doritos' 2006 and 2007 "Crash the Bowl" campaigns were virally popular online and resulted in SuperBowl stardom for the content-creators.

Another plus of engagement comes in the form of market research, adds Drèze. "Companies spend a lot of time wondering how people relate to their products," and engaging customers in creating original content is a lot like holding focus groups. "Instead of just using a campaign to pound your message, you might get feedback. You might learn something."

Fear of the Unknown

The idea of transforming marketing campaigns into public conversations can be frightening, however. "The biggest problem is that companies want to control their message, but you can't control" online engagement, says Drèze. "Companies need to shift their mentality and learn to let go," he suggests, while noting that for some companies with controversial products -- such as cigarette manufacturers -- free-for-all interaction may be too risky. Advertising on an interactive venue like YouTube is "not for everybody," he says. "You have to ask yourself: Does this help me reach my target audience? The risk has to be worth it."

Having the savvy to weigh the risks and rewards of advertising on video-sharing sites is not a skill all marketers share, says Hosanagar. "As long as you have the same people who design print and TV [ad campaigns] thinking about how to do it online, you're not going to get it right. You need college kids, people who can come up with completely different ways of doing things. The odds are against the traditionalists."

Matt Dickman, director of digital marketing at Fleishman-Hillard, a St. Louis-based public relations agency, says he sees companies falling short in their YouTube campaigns. "They tend to use the parts of social media they are comfortable with, so they make 15- or 30-second [video] clips. That may work, but it stops short of using the medium to have a real impact," he notes, adding that big advertising campaigns online often fail to reach out to bloggers in their target areas, thus depriving their campaigns of major publicity engines.

Century 21 Real Estate, based in Parsippany, N.J., launched a video-contest channel on YouTube in mid-March. The idea is for home-sellers and their agents to collaborate on a video tour of the for-sale property "using humor and creativity." The winner, to be announced in May, will take home \$21,000 and an HDTV. Although the company raised expectations by touting the contest as the "Housing Industry's First Branded YouTube Channel," its introductory video hasn't seemed to inspire much reaction: The contest channel currently features only four submissions. A viewer's comment on one sample video posted by Century 21 itself stated: "This [video] is an excellent way not to sell this home."

Century 21's mixed experience so far illustrates the downside of public measurability on social networking sites. Every YouTube video is encased in an array of metrics, including how many times a video has been watched, "favorited," subscribed to or honored, and anyone who sets up a free YouTube account can leave a comment below the video window. With social video-sharing sites, Hosanagar says, "The risk of negative word-of-mouth is real. Someone else can observe if no one has watched your video, or they can post a message saying, 'This video sucks, and so does [your product].'" Hosanagar points out that many companies choose to advertise through YouTube in non-interactive ways, such as using banner ads, in-video ads -- when a short ad plays before a requested video -- or ads that appear throughout the video in the bottom inch of the video player.

A "fear of the unknown" helps explain why "today's Internet ad spending does not match consumer time spent online," says Hosanagar. "There's a big gap there. Firms haven't yet fully understood what it takes to make successful online campaigns, and the fear of the unknown causes conservative advertising decisions. That strategy is not sustainable, as people shift more and more toward online video."

A February 2008 study from New York City-based eMarketer, a market research firm, found that 53% of all Americans, or 154 million people, will watch online video in 2008. While General Motors, the country's third-largest advertiser, made headlines in March for announcing it would aim to spend half of its \$3 billion ad budget online and through one-on-one marketing over the next three years, it is clear that advertisers are not moving online as fast as consumers.

John Bell, head of the 360° Digital Influence team at New York City-based Ogilvy Public Relations Worldwide, says he believes the advertising business is "evolving," as professionals in public relations and advertising learn that "to 'earn' consumer-generated media, we have to provide people with something of value, and that we better start with listening to what the customers want." While many ad agencies "default to creating some sort of branded entertainment, such as a 'viral video' or game experience," Bell says, "it may take more than clever entertainment to really involve people such that

they choose a brand."

When Bell's firm launched a new anti-aging lotion for Johnson & Johnson's Aveeno brand, it built on the work of 3-D British chalk artist Julian Beever. A time-lapse video of Beever creating one of his trademark *trompe-l'oeil* drawings in New York's Union Square, which included the Aveeno logo, has resulted in more than 1.2 million views on multiple video channels, says Bell. "We listened to an existing conversation among fans of the artists and gave them something of value. That's what got them talking and sharing."

But just as advertisers begin to adapt to the YouTube environment, the whole equation could easily change, says Drèze. "YouTube is hot right now, but for how long? What's next? Advertisers always try to reach people in different ways. If there is a new medium, they have to try it."

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