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Organization's Name: Thinkbig Media
Category and Division: Communications Management Division 7: Marketing
Communication Subdivision 7.1: Industrial, manufacturing,
commercial or retail sales
Title of Entry : Buy.com: Reaction to Results
Time Period of Project: June 2002 – August 2002
Brief Description: By quickly identifying an opportunity, we launched a full-scale price war, set the new standard for free shipping and leveraged the mass media coverage of our largest competitor to catapult our client's campaign into the national spotlight. As a result, Buy.com acquired market share from the largest Internet retailer in the world and increased overall revenue by 20 percent.

"I recall vividly sitting in Buy.com's conference room, my pulse quickening, and thinking to myself, 'the planets are aligned, we have to go for it right now!'"

*-Stew Duncan
Managing Director, Thinkbig Media*

"Through careful planning, client trust and the ability to react quickly to market conditions, we leaped through a window of opportunity and turned a good campaign into an industry-changing event."

*-Franny Schmidt
Campaign Strategist*

NEED/OPPORTUNITY

Our client, Buy.com, is one of the largest pure play online retailers. The company survived the "dot com" meltdown and has been slowly and consistently growing its business. Although Buy.com is well known for their technology products, they had very small market share in the entertainment category, which includes books, games, videos and music. While their slow but steady growth was considered positive given the current condition of the retail market, Buy.com asked us to increase market share to their entertainment categories and drive new traffic to Buy.com's web site. As Buy.com's marketing agency, we developed an integrated marketing campaign fueled by an aggressive promotion targeting the Amazon.com book buyer. Buy.com would offer its entire catalog of books 10 percent lower than Amazon.com's listed price, guaranteed.

This campaign was originally scheduled to launch in July, in order to bolster the slow summer buying season. On June 18th Buy.com's largest competitor, Amazon.com, announced they were lowering the threshold for free shipping, down from \$99 to \$49. We tracked the media coverage throughout the day and concluded that Amazon.com was

receiving lots of media coverage. This presented an opportunity for us to leverage the media attention.

INTENDED AUDIENCE

We needed to reach three specific groups of people:

1. Existing Amazon.com customers (over 25 million)
2. Business press
3. Consumer press

GOALS/OBJECTIVES

Campaign goal was to *increase site traffic, build brand awareness and win market share from Amazon.com*, resulting in increased customer acquisition and revenue.

SOLUTION OVERVIEW

We met the same day of the announcement to discuss our current plan and strategy. After a quick idea session that included Buy.com's president, and our strategic team, we agreed to a three-phased campaign.

- **Phase One** would leverage Amazon's current media attention and launch the very next day with a new offer: "Free Shipping with No Minimum Purchase."
- **Phase Two** would launch the following week with our pre-planned "10% Lower Than Amazon.com on All Books" offer.
- **Phase Three** would launch the third week with a full-page ad in the Wall Street Journal. This ad would be a letter to Amazon.com customers from the founder of Buy.com, and would invite the Amazon customer to try Buy.com for lower prices and great service.

Due to the urgency of timing, our solution was to utilize media that we could affect within the following 48 hours. The campaign was rolled out with public relations, email, online and print advertising (national and top 10 markets).

IMPLEMENTATION AND CHALLENGES

Implementation was the challenge in this case. Within the first 24 hours of our impromptu strategy meeting; we needed to develop the offer, ensure it was deliverable, gain legal approval, design print ads, and design new creative for Buy.com's web site and external online ads. After nailing down a functional and legally approved free shipping

offer, our public relations director, Stacey Doherty, prepared the press release and began pitching the story to the press. I reserved print space with the Wall Street Journal and USA Today. And our design team began updating our online creative to reflect the new offer.

On June 19th, *Phase One* launched with a press release and extensive media outreach. This effort resulted in media interviews with Buy.com's CEO, Scott Blum, and President, Robert Price. We supported the media buzz with an email blast to three million of Buy.com's customers, and submitted new online creative into all our existing online advertising buys, including AOL, Yahoo! and CNET. Our first print ad hit June 21st with a full-page, black-and-white ad in USA Today that ran nationally.

Phase Two required the development of our "10% Off Amazon" offer, and launched on June 25th with another press release, more media outreach, and more media interviews with the Buy.com executives. The buzz was supported with a full-page, four-color ad in the main section of the Wall Street Journal touting the offer. The ad received incredible positioning up front in the "Main" section, thanks to our relationship with the Los Angeles rep.

Phase Two also included new creative for all existing online ads and an email blast to three million existing Buy.com customers and 50 million opt-in online prospects. The 50 million prospect emails were rolled out at a pace of 12.5 million emails a week for four weeks.

Phase Three launched on July 9th with a full-page letter in the Wall Street Journal addressing Amazon.com customers directly, and inviting them to switch over to Buy.com. The ad was supported with a press release and media outreach that resulted in follow-up interviews from national press. At first glance, running this letter in the Wall Street Journal might not seem the logical choice to reach core Amazon.com book buyers. But our goal was two-fold; in addition to reaching Amazon customers, we wanted to gain the attention of the financial and business press that typically follows Amazon.com. This strategy resulted in interest from both business and consumer press, and ultimately reached millions more people due to extensive media coverage.

MEASUREMENT/EVALUATION OF OUTCOMES

"Watching the real-time results as this campaign caught fire was electrifying, and a testament to the power of integrated marketing."

-Larisa Hall

*Director of Marketing,
Buy.com*

As marketers, we're always talking about "delivering measurable results." We measure data points like impressions, traffic and revenue. Rarely does a campaign extend past our objectives and actually change our client's business, consumers' perception, and media interest in such a brief period. This campaign did just that. Here are some of the numbers:

TRAFFIC: Overall site traffic **increased by 50 percent** during the campaign.

CUSTOMER ACQUISITION: New customers **increased 300 percent** during the campaign (and have remained at this level since).

REVENUE: Buy.com's entertainment category (consisting of books, videos, music and games) saw an **800 percent increase in revenue**.

MEDIA COVERAGE: Through our proactive public relations efforts, the "Free Shipping" offer, the "10% Off Amazon" offer and the "Letter to Amazon Customers," we were able to gain the attention of both business and consumer press, including:

- Wall Street Journal
- USA Today
- Businessweek
- New York Times
- CNN Money
- CBS Marketwatch
- Los Angeles Times
- Business 2.0
- Bloomberg News
- Dow Jones News Service
- Associated Press
- Reuters

UNINTENDED RESULTS: During the initial three-week period of this campaign, Amazon.com's stock price **dropped over 12 percent** and was directly attributed to the Buy.com offers.

"Online bookseller Amazon.com tumbled 12.4 percent after Buy.com began a price war with the company. Buy.com announced Tuesday that it would offer all of its book titles at 10 percent below Amazon's prices as part of an aggressive strategy to win customers and capture greater market share in online book sales."

-CBS Marketwatch, June 25, 2002

Summary

Timing and agility is truly powerful when used to build momentum. This campaign achieved maximum exposure and success due to its aggressive strategy, timing, media interest and total commitment from the client. Buy.com was able to trump

Amazon.com's free shipping announcement by setting the new standard of *no minimum purchase*. Now others can only follow (and they have!).

By maximizing the momentum from press coverage of the free shipping announcement, Buy.com delivered the second blow with their announcement of 10 percent off all Amazon book prices. This again caught Amazon by surprise and was the cause of major media attention.

As a result, Buy.com now stands toe-to-toe with Amazon for book buying online and is considered a true competitor in the book sector.