

## A New Odd Couple: Google, P & G - Swap Workers to Spur Innovation.

At Procter & Gamble Co., the corporate culture is so rigid, employees jokingly call themselves "Proctoids." In contrast, Google Inc. staffers are urged to wander the halls on company-provided scooters and brainstorm on public whiteboards.

Now, this odd couple thinks they have something to gain from one another -- so they've started swapping employees. So far, about two-dozen staffers from the two companies have spent weeks dipping into each other's staff training programs and sitting in on meetings where business plans get hammered out. The initiative has drawn little notice. Previously, neither company had granted this kind of access to outsiders.



Closer ties are crucial to both sides. P & G, the biggest advertising spender in the world, is waking up to the reality that the next generation of laundry-detergent, toilet-paper and skin-cream buyers now spends more time online than watching TV. Google craves a bigger slice of P & G's \$8.7 billion annual ad pie as its own revenue growth slows.

The struggle by these two heavyweights to formulate successful strategies highlights how tough it is for myriad other companies, from newspapers to auto makers, to profit from Americans' rush online.

"We're trying to open the eyes of our brand managers," says P & G's Stan Joosten, whose title is "digital innovation manager," a job that didn't exist until last spring.

Consumers ages 18 to 27 say they use the Internet nearly 13 hours a week, compared to viewing 10 hours of TV, according to market-data firm Forrester Research Inc. But currently, P & G -- so famously thorough at understanding consumers, it even tracks people's tooth-brushing strokes -- spends only a sliver of its ad budget online.

Google already controls 74% of so-called "search term" advertising spending, according to research firm eMarketer Inc. So persuading deep-pocketed advertisers to shift away from TV to instead showcase their brands, say, on YouTube, Google's video-sharing site, is critical. Currently, TV snags nearly 40% of the world's total advertising spending, according to ZenithOptimedia, an ad-buying unit of Publicis Groupe.

The rapid spread of high-speed Internet access "has been the biggest disruption to marketing," says Rob Norman, CEO of WPP Group's media-buying firm, GroupM Interaction Worldwide. A key factor, he argues: TV-watchers are passive viewers. But Internet-surfers are tougher to reach because they take a more active role in what they choose to view.

As the two companies started working together, the gulf between them quickly became apparent. In April, when actress Salma Hayek unveiled an ambitious promotion for P & G's Pampers brand, the Google team was stunned to learn that Pampers hadn't invited any "motherhood" bloggers -- women who run popular Web sites about child-rearing -- to attend the press conference.

"Where are the bloggers?" asked a Google staffer in disbelief, according one person present.

For their part, P & G employees gasped in surprise during a Tide brand meeting when a Google job-swapper apparently didn't realize that Tide's signature orange-colored packaging is a key part of the brand's image.

The idea of the employee swap between the two companies gained momentum about a year ago, when P & G's then global marketing officer, Jim Stengel, expressed concern that one of the biggest initiatives in the company's laundry-soap history -- a switch to smaller bottles with a more concentrated formula -- didn't include enough of an online search-term marketing campaign, according to two people familiar with the matter.

The issue: Without an online campaign, Tide buyers searching the Internet to figure out why the detergent bottle shrank might not be directed to Tide's Web site. (Mr. Stengel acknowledges raising questions about the campaign but says he was ultimately satisfied.)

Mr. Stengel had recently met with Tim Armstrong, who runs Google's ad sales and operations in the Americas. The two men tossed around the job-swap idea. It started in January.

Recently, Denise Chudy, a Google sales-team leader, caused a stir when she showed a dozen or so P & G staffers some Google data indicating that online searches for the word "coupons" is up about 50% over the past 12 months.

Tracking online searches was "one of the best learning of my first week at Google," P & G marketing manager Catherine Duval-Russell wrote on an in-house blog. (In P & G jargon, the word "learning" often pops up in place of "lessons.")

P & G has a long history as a marketing innovator. Back in the late 1800s, it developed one of the earliest truly national brands -- Ivory soap -- with saturation advertising in everything from farm journals to religious periodicals. Decades later, radio and TV "soap operas" famously took their name from the fact that P & G advertised so heavily on them to reach women.

But amid the shift to online media, P & G has stayed mostly on the sidelines so far. P & G doesn't disclose how it allocates ad spending, but data firm TNS Media Intelligence, which tracks online display advertising, estimates P & G spends just 2% of its total U.S. ad budget online.

As part of a monthlong job swap at P & G's downtown Cincinnati headquarters, back in March, a mixed group of Google and P & G staffers crowded into P & G's archives to study the 62-year history of Tide. Sessions like these are a key part of P & G's training of up-and-coming brand managers.

Poring over decades of marketing material -- all featuring Tide's bright orange packaging in a starring role -- Google employee Jen Bradburn took note. "It's helpful to know not to mess with the orange too much," she said.

That elicited a chorus of unambiguous "yesses" from P & G employees in attendance. Many also vigorously nodded in agreement.

Tide is P & G's single biggest brand in North America, with annual sales of about \$3.5 billion. It was also one of the first products to advertise on live television, P & G historian Ed Rider told the young Google team. "Back then, we were 'new media,'" added Aaron Lichtig, a P & G brand manager.

Later, while screening a 1951 ad featuring a woman singing about Tide while doing the laundry, Mr. Rider told the class, "That's when you reached 70% to 80% of your audience with television commercials." The Google team laughed in disbelief.

Still, despite the shift among younger consumers toward online media, it is clear from P & G's training sessions that its marketing approach still prioritizes TV. For instance, a big chunk of a session of Fabric Care College focused on critiquing TV ads.

"Is the viewer rewarded by spending time with this ad?" Kevin Burke, at the time a top P & G marketing executive who has since left the company, asked after screening an ad for critique. Immediately, hands shot into the air.

One of the first results of the collaboration between the two companies was an online campaign inviting people to make spoof videos of P & G's "Talking Stain" TV ad and post them to YouTube. The original ad, for Tide to Go stain-removing pens, aired during the Super

Bowl and shows a job candidate being drowned out by a talking stain on his shirt that babbles nonsense every time the man tries to speak during an employment interview.

Spoof campaigns can be risky. What if people post something rude about your product -- or don't participate at all?

This "never would have happened" previously, says Mr. Stengel, who left P & G last month to start his own firm. It's "something [P &

G is] really wrestling with: How does a brand morph from one-way to two-way communication with the consumer?"

P & G tried to enforce limits. It provided prospective spoofers a tool kit of official logos. And it demanded that any stains appearing in mock ads must come from an approved list, ranging from a mai tai to spinach dip. (Grease, blood or ink was forbidden because the Tide to Go stain-removing pen doesn't work on those stains.)

In the end, of the 227 spoofs submitted, a handful were deemed good enough by P & G to air on TV. The campaign was successful enough that Tide plans to use more consumer-generated content in the future, P & G says.

Google job-swappers have started adopting P & G's lingo. During a session on evaluating in-store displays, a P & G marketer described the company's standard method, known as "stop, hold, close": Product packaging first needs to "stop" a shopper, Mr. Lichtig said. "Hold" is a pause to read the label, and "close" is when a shopper puts the product in the cart.

Google's Ms. Chudy gasped. "This is just like our text ads," she said. The headline is the "stop," its description is the "hold" and the "close" is clicking through to the Web site.

"This is going to get so much easier, now that I'm learning their language," she said.

A big hurdle for Google is that many big advertising agencies, which design campaigns for P & G and other giant firms, often don't make online strategies a priority.

"The worst answer you can hear from an agency is, 'Don't worry, we have a group to handle interactive,'" said David Bell, a Google consultant, during a session with some P & G job-swappers at Google's New York office. "Interactive isn't a group, it's everybody's job," said Mr. Bell, who himself formerly headed Interpublic Group, a major advertising-business holding company.

Consumer-products companies have been among the slowest to adopt online marketing because the traditional forms of marketing, including TV and newspaper fliers, are still reasonably effective, acknowledges Kevin Kells, Google's national industry director for consumer packaged goods.

Indeed, in meetings in New York, two Pampers brand managers openly voiced doubts about online marketing. A recurring suspicion: It works only for products that people buy online, which isn't usually the case with diapers.

"Everyone has a mindset that it has to be transactional," said Dominic Iacono, a Pampers brand manager.

Google's Mr. Kells was ready for that criticism. Online campaigns, he said, can powerfully influence brand awareness among consumers.

With mommy-bloggers, Pampers was quick to follow Google's advice. After failing to invite any to its April Pampers press conference, in July it invited a dozen or so to visit P & G's baby division in Cincinnati. The bloggers claim to have drawn anywhere from one-hundred thousand to six million visitors to their Web sites.

The bloggers toured the facilities, met with diaper executives, got a primer on diaper design and had their hotel and travel costs covered. Their visit was captured on video for other P & G brands to study.

Pampers' sense of discovery of the power of bloggers is apparent in the video. "This is a very different type of communication than what Procter & Gamble is used to," Pampers spokesman Bryan McCleary advises viewers of the video.

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- 90% of all new website visitors are delivered by a major search engine and/or directory.
- 98% of all keyword search activity results are powered by the big 4 search engines: Google, Yahoo, MSN and AOL.
- Keyword search results on Google, Yahoo, MSN and AOL are determined by search engine spiders and/or robot crawlers.
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