

## INTEL ASIA-PACIFIC: THE CATCH & WIN CAMPAIGN

*Peter M. Dingle, Ash Supersad and John Lyons wrote this case under the supervision of Professor Peter C. Bell solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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It was August 15, 2012, and Peter Dingle, head of Data Marketing Analytics and Mobile for Intel Asia-Pacific (AP), was reviewing the proposed media plan from Impact Marketing Ltd. for the Catch & Win 2.0 campaign. The media purchase needed to be finalized quickly so that it could be included in the current quarter's budget, but Dingle could not help feeling that the proposed spend across the markets and advertising types could be used more effectively. He thought that the key was to apply the company's own experience and data regarding social media engagement within their markets rather than to rely on generalized industry metrics provided by the contracted media agency, which had obtained them from Facebook statistics. Dingle set out to try to improve the media plan proposed by Impact Marketing.

### INTEL GLOBAL OPERATIONS AND ASIA-PACIFIC MARKETING

Headquartered in Santa Clara, California, Intel Corporation had more than 80,000 employees worldwide and recorded revenues of over \$50 billion in 2011. Intel's website described the company as "the world leader in silicon innovation, developer of technologies, products, and initiatives to continually advance how people work and live. Founded in 1968 to build semiconductor memory products, Intel introduced the world's first microprocessor in 1971."<sup>1</sup>

One of the company's founders, Gordon Moore, forecast that computing technology would double in power/density-per-unit volume at the fairly steady pace of once every two years for at least the following decade. In 2012, more than four decades later, the concept, which had long since become known as Moore's law, continued to be applied to the industry in which Intel remained the leader, albeit under constant attack from challengers. This competition had prompted the company to begin advertising to end users in 1991, using the catch-phrase "Intel Inside." This was despite the fact that Intel never sold to end users, nor even to retailers or distributors, but rather to the vast majority of personal computer (PC) original equipment manufacturers (OEMs) who incorporated Intel core components in their products.

<sup>1</sup> Intel, "General Company Information," [www.intel.com/intel/company/corp1.htm](http://www.intel.com/intel/company/corp1.htm), accessed June 15, 2013.

Intel's Asia-Pacific retail marketing team was responsible for generating excitement around Intel-based products across 10 markets in the region. Their number one goal was to drive traffic to the retailers who sold OEM products that incorporated Intel components. These components specifically made the OEM products more powerful, fast, light, energy efficient, etc. Intel Asia-Pacific advertising therefore aimed to lure consumers into stores to see and play with new PCs and to experience their new features. This in turn would enable sales people to assess consumer needs and attitudes, and Intel to offer appropriate incentives to drive purchases.

Dingle and his colleague Paula Jones, the manager of retail marketing, were in full agreement: "We have to be very focused in our marketing efforts, especially because of our indirect relationship with the end customers. Almost in spite of the fact that our products aren't sold discretely, but rather bundled into the OEMs' products, we are driven to create and execute campaigns that translate into measurable retail results. That's the only way we can ensure and continually improve our return on marketing investments."

### THE CATCH & WIN MARKETING CAMPAIGN

The Catch & Win campaign was an example of Dingle and Jones' philosophy at work. The promotion was focused around a relatively new PC product category known as Ultrabooks. This new variety of laptops had Intel's latest generation processor inside, along with a sleek, thin and light design, a fast solid-state hard drive, and wireless technologies for faster connectivity and "instant-on" capability. This combination gave users a highly portable, always-ready experience with the longest possible battery life. The major brand names were promoting and selling versions of this new product category, with Lenovo, Acer, Samsung, HP and Asus all having stock on shelves in the Asia-Pacific markets.

It was important to Intel, as the category creator, to drive awareness, understanding and desire for these devices in order to ensure continuing high demand and sales of the "Intel Inside" technologies. Aside from immediate sales, an exciting campaign would help reinforce the perception of Intel as a major innovator in personal computing, and extend that leadership not just in terms of product development, but also in its relationships with its customers and retail partners.

Dingle described the campaign as follows: "The Ultrabook is a 'halo' product. It's 'aspirational.' A relatively small percentage of people will buy one in the short term, as they are to computers what a Ferrari is to the automobile. However, awareness and interest in these ultra-lightweight, ultra-fast and always-on, long battery-life products help to position Intel as the leader in PC technology, and ultimately encourages more purchases in all our product categories."

The campaign targeted the very large and fast-growing population of young people who were using smartphones for entertainment and to stay connected with their friends. There were over one billion smartphones in the Asia-Pacific region as compared to roughly 300 million PCs sold worldwide annually. Intel made hardware for smartphones, but it hadn't established a large presence so viewed these devices as complementary to the adoption of PCs. Whereas ten years earlier, Intel's most formidable competition came from other PC processor manufacturers like AMD, the convergence of computing and communications appeared to be steering them into competition with major mobile phone technology companies such as Qualcomm.

"For some purposes, smartphones have effectively become competitive with personal computers," explained Dingle, "so the PC business is somewhat less attractive than it has been. We need to go where our prospective customers are today, to create a fun experience in which Intel and Ultrabooks are the

heroes at the centre of what still makes a PC attractive. Meanwhile, we don't want to be all about PCs, but rather about leading-edge devices, generally: thin, lightweight, touchscreen, powerful, always-on and connected."

The Catch & Win campaign was fairly elaborate, requiring up to 10 stages of engagement for participants. First they needed to have a smartphone and a data plan, and be a member of an app store. Of course, they also had to find out about the contest, and download and install the Catch & Win app. Next, they needed to register the app with their personal details and go to a local participating retailer where they could play the game. After learning how to play, they needed to score among the top 10 local participants to gain entry into the competition finals in which the top player would win the big prize of a new Ultrabook. The Intel AP marketing team planned to give away over 150 Ultrabooks during the eight-week Catch & Win program.

## THE ADVERTISING PROGRAM

The advertising program, for which the team had targeted a \$95,000 spend, was aimed at stimulating participation and interest in the Catch & Win contest, initially by attempting to maximize the number of downloads of the smartphone app, "Pocket Intel," which enabled participation in Catch & Win. This app was actually a game which, in addition to being fun, offered participants the chance to win or receive discounts on Ultrabooks and related products. These were redeemable through participating retailers, and one of the app functions provided users with directions to local participating retail locations.

A major objective was to generate the largest possible exposure for the app and contest, as traditionally measured by the number of ad impressions. Another was to achieve the highest possible number of click-throughs with these ads. Of course, the ultimate goal was to get people to participate in the contest, to talk about it, to visit retailers, and to learn about and buy Intel-based products, and to provide valuable feedback about feature and function attractiveness and utility.

The team operated on the commonly held premise that consumer awareness and action grow in proportion with the number of advertising impressions. Media pricing was based on the same notion and was quoted at cost per 1,000 impressions (CPM). Pricing varied considerably, not only among the wide variety of website and search engine placement alternatives, but also across markets, where the option was available to target specific geographic areas and demographic groups. Aside from the different costs per impression, the rate of response to these impressions, measured as the click-through rate (CTR), also varied considerably.

## SOCIAL MARKETING IN EMERGING MARKETS

For the Catch & Win campaign, Intel Asia-Pacific was targeting six specific country markets: Indonesia, South Korea, Malaysia, Pakistan, the Philippines and Singapore. As Intel grew its PC penetration in these emerging markets, it was particularly cognizant of the importance of social marketing. Consumers in emerging markets relied heavily on the opinions of social connections with peers, friends and family for buying decisions, especially for large purchases such as PCs. For high-priced purchases like PCs, consumers in these countries tended to put considerable effort into ensuring that their choice was the best possible value.

The marketing team had chosen to advertise through the relatively new social network media in which Facebook had established itself as the dominant platform. This choice, however, included a variety of alternatives. For example, Facebook's traditional computer-browser interface included two types of placement: Marketplace Ads and Premium Ads. A version of the latter was also available for the smartphone user interface in the form of Facebook's newly launched Mobile Ads.

The mature countries in the region comprised very advanced users of mobile phones. Android phones had grown quickly in South Korea and Singapore as well as the tier-one cities of Malaysia and Indonesia. The demand for touchscreen phones with cameras, data connectivity and technology with the ability to run complex applications was growing fast, and quickly becoming the best way to reach consumers, to generate interest and to promote a message for a large company. Users of mobile phones were the prime targets for the Ultrabook, and hence the advertising target for Intel's Catch & Win campaign. Exhibit 1 provides related demographic and technology penetration data for the six countries of interest.

### THE FACEBOOK ADVERTISING PLATFORM

In 2012, Facebook surpassed one billion subscribers worldwide, and by that time, Intel had invested in building its own Facebook communities in the Asia-Pacific region, as shown in Exhibit 2. The marketing team felt that Catch & Win was an opportunity to use these communities, as well as to integrate Mobile Ads into the mix, and thus potentially reach more than 100-million fans, friends of fans and other Facebook users in the region.

Facebook was developing and launching new advertising products practically every month to enable companies to reach various user groups through both personal computers and mobile devices. These different advertising products were sold in lots of a thousand impressions. The lots ranged in CPM from roughly \$0.40 to \$0.75<sup>2</sup> for standard Marketplace Ads, and between \$3 and \$4 for Premium Ads. The latter offered the important advantage of using the Facebook Friend networks to amplify the reach and repetition of ads, and thus help promotional messages and content to go viral.

The benefit of Premium Advertising on the Facebook platform was to generate more exposure, without additional cost, by having friends see each other's activities in personal Facebook News Feeds, and thus be inspired to engage with the promotional campaigns. This was commonly referred to as Earned Media, in contrast to Paid Media, and equated to favourable publicity gained through promotional efforts other than direct advertising.

Exhibit 3 provides a conceptual description of the Paid and Earned Media inter-relationship and process flow, although actual ratios and multiplier effects varied considerably. Some measurements were readily available, and indeed part of the Facebook advertising service, but much of the dynamics remained hidden. For example, Facebook proprietary algorithms ultimately determined the rate and volume of notifications propagated to a user's friends and friends-of-friends network stemming from the user's actions, e.g., Like, Comment, etc.

In addition to its traditional Marketplace and Premium Ads, Facebook was eager to have Intel and other large companies try out its new Mobile Ad product. Officials estimated that over 60 per cent of users were accessing Facebook from their mobile smartphones at least occasionally. However, Mobile Ads were untested with consumers, and this made companies like Intel sceptical. The Intel marketing team therefore

<sup>2</sup> All currency in U.S. dollars unless specified otherwise.

wanted to maintain a highly data-driven approach to both plan and measure their advertising program. They wanted to look at each market situation and ensure that every ad dollar was placed to maximize impressions and click-throughs while balancing the allocation of funds across the new Mobile Ad units, Marketplace Ads and Premium Ads, which they had found to be highly successful in previous promotional campaigns.

## ORIGINAL MEDIA PURCHASE PLAN

Intel's advertising agency for the Catch & Win campaign, Impact Marketing Ltd., had developed and proposed a media purchase plan (see Exhibit 4) for each market based on the number of impressions, that is, the number of times that advertisements would appear to Facebook users either in their News Feed section (Premium and/or Mobile Ads) or on the right-hand-side of their Facebook pages (Marketplace Ads). This plan included assumptions about typical CTRs for these types of Facebook advertisements, from which projected clicks could be calculated. An alternative approach was to purchase media by the number of clicks, obviously at a higher unit cost, but with a certain outcome. Under this option, Facebook would continue to display the advertisement for as many impressions as were required until the targeted number of clicks was achieved. Pricing for this option would have to be negotiated and would certainly be much higher on a cost-per-click basis as compared to the more common cost per impression.

## INTEL'S BACKGROUND FACEBOOK DATA

The Intel Asia-Pacific marketing team had already invested significantly in the creation of individual country-specific Intel Facebook pages. These provided a form of direct social engagement with Facebook users, beginning with those identifying themselves as fans of the Intel Facebook pages. The marketing team would periodically post a story or promotional offer on these pages and could monitor a variety of metrics about the number of people exposed to and interacting with each post. Thus, after conducting several smaller promotional campaigns in their target markets using Facebook advertising, the marketing team developed its own estimates of CTRs for the Marketplace and Premium Ad placements.

Premium Ads offered three important differences from Marketplace Ads. Firstly, due to their position in the News Feed columns where users' attention tends to be focused, as opposed to being among a group of advertisements on the right-hand-side of the user's Facebook page, Premium Ads tended to have a somewhat higher CTR. Secondly, Facebook user actions (Like, Comment, etc.) with Premium Ads produced additional Earned Media impressions as depicted in the lower-left-half of Exhibit 3. Thirdly, the CTR resulting from these additional impressions was invariably higher than for normal Paid Impressions since the originating user's action presumably carried influence with their friends to act similarly, e.g., to click through and learn more, and perhaps also to Like or Comment on the advertisement.

From the Intel team's previous experience with Facebook communities in the countries of interest, it had developed estimates (albeit in rough, average terms) about the typical Social Impression Multipliers and Social CTRs that could be expected from these Premium Ads in its various markets. The team assumed similar social effects would be realized by the new Mobile Ads, as these were essentially Premium Ads delivered through the Facebook smartphone interface.

The metrics Intel had developed for Marketplace and Premium CTR, along with the expected Social Impressions Multiplier and Social CTR for each market, are summarized in Exhibit 5. No empirical CTR

data was available for Mobile Ads, so the team agreed to an initial estimate, which they thought to be conservative in comparison to the CTR for other ad types.

## THE MEDIA BUYING PROBLEM

As Dingle pondered how the team might use the Facebook advertising metrics it had developed for the six countries of interest to finalize the budget and plan for optimal results, he received a call from his colleague Paula Jones. “I’m afraid I have to add a couple of dimensions to our problem, Peter. The initial media purchase plan of \$95,000 failed to include the 9 per cent fee for the agency, so we need to scale it back to account for that. But at the same time, I think our metrics can enable us to be very selective about in which countries and for which ad types we reduce our media purchase, and we might even be able to achieve equal or greater overall impressions and clicks if we’re smart about these decisions.”

Dingle replied: “I agree. But at the same time, in the interest of continuing to develop our understanding about the effectiveness of these different ad types in various countries, and to keep the program reasonably well-balanced with our channel capacities, I propose to ensure that no ad type/country combination falls below 75 per cent of the originally proposed number of impressions. Secondly, I’ll avoid over-saturating any given country by limiting the total impressions in each market to no more than 125 per cent of the original plan.”

Jones was glad to have an analytics guy on the marketing team: “That makes good sense to me, Peter. It would also be great if you could give us your analysis regarding the maximum clicks versus impressions because of course this is ultimately about driving participation in the Catch & Win contest. I look forward to discussing it at our meeting tomorrow afternoon.”

**EXHIBIT 1: DEMOGRAPHIC AND TECHNOLOGY PENETRATION DATA**

<b>Intel AP Markets</b>	<b>Indonesia</b>	<b>Korea</b>	<b>Malaysia</b>	<b>Pakistan</b>	<b>Philippines</b>	<b>Singapore</b>
Population (Ms) <sup>1</sup>	251.2	49.0	29.6	193.2	105.7	5.5
# Internet Users (Ms) <sup>1</sup>	20	39.4	15.4	20.4	8.3	3.2
Mobile Phones (Ms) <sup>1</sup>	248.8	52.5	36.7	111	94.2	7.8
# Facebook Users (Ms) <sup>2</sup>	51.1	10	13.6	8	29.9	2.9

Sources: <sup>1</sup> CIA World Factbook, accessed July 25, 2013; <sup>2</sup> [www.internetworldstats.com/](http://www.internetworldstats.com/), accessed July 25, 2013.

**EXHIBIT 2: INTEL ASIA-PACIFIC FACEBOOK COMMUNITIES (AUGUST 2012)**

<b>Intel Market</b>	<b>Indonesia</b>	<b>Korea</b>	<b>Malaysia</b>	<b>Pakistan</b>	<b>Philippines</b>	<b>Singapore</b>
Fans	778,144	137,801	128,410	316,425	203,907	15,595
Growth	8,009	9,361	2,932	18,994	2,204	1,496
Top Demographic	M 18–24	F 18–24	M 18–24	M 18–24	M 18–24	M 18–24

Source: Intel Asia-Pacific Marketing







**EXHIBIT 4: PRELIMINARY MEDIA PLAN PROPOSED BY IMPACT MARKETING LTD**

	Indonesia	Korea	Malaysia	Pakistan	Philippines	Singapore	Total
<b>Marketplace</b>							
Impressions	6,000,000	6,000,000	6,000,000	1,000,000	6,000,000	2,000,000	27,000,000
CPM	\$0.53	\$0.88	\$0.60	\$0.57	\$0.56	\$0.71	\$0.64
Cost	\$3,180	\$5,280	\$3,600	\$570	\$3,360	\$1,420	\$17,410
<b>Premium</b>							
Impressions	3,500,000	3,700,000	3,700,000	700,000	3,700,000	1,350,000	16,650,000
CPM	\$4.41	\$5.25	\$3.22	\$4.41	\$3.85	\$5.60	\$4.30
Cost	\$15,435	\$19,425	\$11,914	\$3,087	\$14,245	\$7,560	\$71,666
<b>Mobile Ads</b>							
Impressions	3,000,000	-	3,000,000	3,000,000	3,000,000	3,000,000	15,000,000
CPM	\$0.40	-	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
Cost	\$1,200	-	\$1,200	\$1,200	\$1,200	\$1,200	\$6,000
<b>Total Ads</b>							
Impressions	12,500,000	9,700,000	12,700,000	4,700,000	12,700,000	6,350,000	58,650,000
Cost	\$19,815	\$24,705	\$16,714	\$4,857	\$18,805	\$10,180	\$95,076

**EXHIBIT 5: INTEL'S ESTIMATED CLICK-THROUGH RATES AND SOCIAL IMPRESSIONS MULTIPLIERS**

Market	Indonesia	Korea	Malaysia	Pakistan	Philippines	Singapore
Marketplace CTR	0.09%	0.08%	0.11%	0.12%	0.11%	0.12%
Premium CTR	0.43%	0.23%	0.32%	0.59%	0.48%	0.34%
Social Impression Multiplier	12.9	41.1	21.4	26.5	32.4	20.6
Social CTR	1.96%	2.39%	1.82%	2.64%	1.81%	1.83%
CTR Mobile Ad	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%