

The Big Picture: In Focus

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Informative: We hear what you're saying

BY CHRISTINA KOUKKOS

Informative CEO Brad Justus borrowed a page from the book of Victor Kiam of Remington shavers fame. He didn't exactly buy the company, but after being impressed as an Informative customer during his tenure as vice president of LEGO Direct, he accepted Informative co-founder Tom Kehler's offer to join as CEO. "I felt we needed a CEO with marketing in his DNA," explains Kehler, who previously ran e-commerce platform company Connect and before that was CEO of IntelliCorp, an AI startup. Justus fit the bill: After gaining a background in traditional advertising at Young & Rubicam, he ran two different interactive consulting and marketing development firms in the early '90s. He sold the second company, Spiral Media, to Agency.com in 1998 and joined LEGO the following year.

The idea behind Informative, founded as Recipio in 1998 and "reborn" last year, is a much-hyped Internet adage: to help companies have a two-way, interactive conversation with their customers. In reality, asserts Kehler, marketers never really had that two-way conversation. Instead, "they used the Internet as a medium to send out e-mail blasts, banners, pop-ups – mostly annoying stuff – instead of listening first."

The Informative approach creates an asynchronous *multi*-way conversation among the customers and the sponsoring company itself. At first blush, an Informative session seems like a regular online survey. But while the *questions* are written by the company, the suggested *answers* to many of the questions are solicited from the customers themselves, who can vote for (or agree with) others' answers and opinions, add a new answer choice and rank their choices. The most popular answers remain choices for the next user, while less popular answers are removed. "Survey questions confirm [or refute] what you already think you know about people," says Kehler. What Informative does "isn't market research; that's about collecting data. This is about understanding people."

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The conversation starts here.

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To illustrate the point, Justus recounts a number of stories from his LEGO days. Using Informative, customers would suggest new products, some of which LEGO brought to market. “Almost without exception, all were hugely successful and profitable,” he says. For example, customers were asking for LEGO sets with more pieces than what was available. Against the instincts of the product development department, LEGO released a Star Wars Imperial Destroyer set with over 3000 bricks, which retailed for about \$300. “We produced enough for what we thought would be a year. The product sold out in five weeks,” recalls Justus.

Furthermore, customers saw that they had some tangible influence on the company and became more loyal. “They would almost be our marketing department. They did LEGO shows. They formed clubs. I learned that the best marketing is the engaged consumer,” Justus says. And the least expensive as well: Customer-suggested products yielded the best ROI for the company in terms of marketing dollars.

The result is what Justus calls “peer-to-peer marketing.” Instead of buying expensive (and increasingly ineffective) broadcast-media spots to reach all potential customers, the goal is to solicit the opinion of those whom Malcolm Gladwell calls “influencers” in his celebrated book, “The Tipping Point.” Those influencers – the domain experts others go to for advice in making buying decisions – serve as the trusted middlemen.

Of course, the big challenge is to find and engage the influencers in the first place. Tellingly, most of Informative’s 25 active clients are in consumer-goods companies, particularly those that sell “high-involvement” products such as cars, consumer electronics or products for pets and young children. It’s unlikely that Informative would be as effective for, say, a bottled-water company.

The company is nearly cash-flow positive and recently wrapped up an \$8-million funding round from Levensohn Venture Partners, NEA, Walden, Crystal Ventures, Nokia Venture Partners and Apex Ventures.