

# When ROI Matters Most, New Marketing Technologies Earn Their Keep



white paper

bringing your products to life



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## ABOUT THE SPONSOR

Kaon Interactive creates virtual 3D PRODUCT MODELS (which look and behave exactly like the actual products) to help companies clearly demonstrate product benefits and features consistently; everywhere that sales, marketing, and customers meet.

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You don't need to be CFO or a Controller to appreciate that now, more than ever, everyone must watch the bottom line. Irrespective of your product or industry, external market conditions have an impact on every company, everywhere—even those best positioned to succeed. For some companies, this means cutting operating costs and capital expenditures, for others it results in little more than improving efficiency, to be able to get more done with less. Regardless, every member of the organization now wears a financial hat and is tasked with being fiscally prudent.

For marketers, this is typically the worst case. Marketers spend money to make money. Whether it's through attendance at trade shows, production of marketing collateral, or the promotion of a product on the web, marketers invest in an effort to bring customers into the fold. And while line items for marketing programs may shrink, marketers are still expected to capture the attention of customers.

Fortunately Kaon Interactive, creators of interactive marketing solutions that bring products to life, offers interactive applications that significantly reduce shipping and printing expenses, while at the same time heightening customer and prospect engagement. Marketers can now leverage the technology in multiple channels

throughout the organization in order to deliver more immediate return on investments.

So, where can companies save...and how much?

### Live Product Demonstrations Still Worth Their Weight

While companies may be looking to attend fewer engagements in the current economic climate, most realize they'll still benefit from exposing customers to products face-to-face. Virtual meeting software may suffice for soft goods, but for most physical goods products, prospects and customers want to see and experience the product they intend to purchase. As such, trade show attendance is still a consideration for marketers, and in fact, it likely has greater importance in today's marketing mix as budgets are cut in favor of more indirect tactics.

According to Exhibit Surveys Inc.'s *2007 Trade Show Trends* report, 34% of attendees on average are "first-timers" to a given show and 39% of attendees report that their purchase intentions were more favorable after visiting a company's booth<sup>1</sup>. Although these results justify trade show relevance, the study also indicated that exhibitors are paying more to attract each attendee. The average cost per

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<sup>1</sup> Exhibit Surveys Inc.'s annual Trade Show Trends 2007: <http://www.exhibitoronline.com/exhibitor magazine/apr08/trends.asp>

attendee who visits an exhibitor’s booth increased 19% since 2006, up from 26% in 2003. Exhibitors spent \$159 for each customer who entered their booth in 2007, as compared to \$129 in 2006. Also, exhibitors spent \$261 for each customer who talked to a staff member in 2007, as compared to \$223 in 2006<sup>2</sup>.

Trade shows have recently showed trending from large-scale assemblies to smaller, highly focused events, resulting in fewer prospects to meet and greet. This, coupled with the fact that exhibitors are paying more for every prospect that enters the booth, is not encouraging news. Moreover, with an increased mandate for innovation, companies continue to expand the number of products they want to demonstrate. Essentially, it boils down to more shows and more products, but with less money available. Expenditures tied to trade shows are likely not to decline over time. While expo centers might offer better deals on floor space, the costs for gas, oil, and travel and shipping are expected to continue rising.

### Doing More with Less

Where to cut costs? Simply omitting some products (and people) is not the solution. Companies must continue to showcase their products well, while also providing sufficient staff to demonstrate how their products can address prospects’ business challenges. The solution lies in the ability to bring all products to every show. One way to accomplish this goal in a cost-effective way is to bring “virtual” products. Kaon’s advanced, rich interactive technologies allow companies to deliver dynamic, incredibly realistic experiences that let prospects interact with virtual products, thus eliminating the need to have every product physically present.

How much do companies save? One major telecom equipment company saved more than \$404,000 per year. According to the VP of Marketing, “With 40+ shows a year, including international events, the Kaon v-OSK was able to save us 85% in recurring annual shipping costs, more than 800 labor hours associated with product assembly, and a significant reduction

in travel and accommodations due to the reduced labor staff needed. Saving us \$30,000 per show, the Kaon v-OSK paid for itself after one event.”

#### Trade Show Cost Savings

Savings/Events	<b>\$26,982</b>
Number of Events/Year	<b>15</b>
Total Annual Savings	<b>\$404,730</b>
Total Investment in Kaon (over 2 years)	<b>\$152,000</b>
2 Year ROI (\$ saved/\$ spent)	<b>5.33</b>
Return Period (months)	<b>4.51</b>

### Briefings are the Number One Influencer Enhancing Customer Sales

Executive Briefing Centers (EBCs) also continue to serve as primary opportunities for prospects to test drive a “live” product. As in the trade show scenario above, companies that host EBCs are also enjoying significant savings with interactive technologies from Kaon. “On average, our order size is \$5M and our infrastructure sales process is very sophisticated,” noted the Vice President

<sup>2</sup> Exhibit Surveys Inc’s annual Trade Show Trends 2007



of Sales at a major storage systems company. He continued, "One of the key steps in our sales process is showing customers a physical product demonstration within our briefing centers. By repurposing the virtual product models Kaon created for our trade shows within our briefing center, we are able to save an incremental \$328,400 annually, as we no longer have to set-up, power, and configure the products for demonstration. Not only are we able to move through our proof-of-concept phase more quickly, but we're also greatly reducing our sales costs."

**Briefing Center Cost Savings**

Total Demo Savings	<b>\$328,400</b>
Total Incremental Investment	<b>\$0*</b>
2 Year ROI (\$ saved/\$ spent)	<b>5.33</b>
Return Period (months)	<b>4.51</b>

\* Since the investment in the interactive solution was already made for the trade show organization, there was no incremental investment in using these assets in the EBC.

**To Banish or Brandish Brochures?**

For marketers looking for ways to cut costs, eliminating the printing of product brochures is an ideal place to start. After all, most people now prefer to disseminate information electronically, which is more cost effective than delivery by traditional post. Further, with the increasing pace of innovation and R&D, products change so frequently that print marketing pieces are often obsolete shortly after they come off the press. As the stakes surrounding business development increase the need for being innovative, and creating a sense of excitement surrounding your products is paramount; stagnant, one-dimensional brochures—even those containing the best creative efforts—don't cut it today.

In addition to the money that can be saved from eliminating paper-based marketing materials, there are compelling environmental drivers as well. Creating one ton of paper requires three tons of wood, thirty-eight million BTU's of thermal energy, and emissions equivalent to nearly 6,000 pounds of



carbon dioxide<sup>3</sup>. Further global consequences include the production of wastewater and solid waste. Environmentally conscious companies help conserve the planet's resources while also preserving their profit margins.

While prospects might be receptive to email and may appreciate a company's environmental consciousness, there's still a need to establish product relevance to capture a buyer's attention. Prospects will be wowed when you embed Kaon's interactive virtual models into PDFs that provide them with a better understanding of the product benefits and how they can address business challenges.

Robert Cohen, Vice President of Display, Supply & Lighting Group (DS&L), the

<sup>3</sup> Environmental impact estimates were calculated using the Environmental Defense Fund Paper Calculator found at: <http://www.edf.org/papercalculator/index.cfm?action=papers>

most complete source of interior display and lighting supplies and accessories in North America, after implementing Kaon to replace static product brochures with an interactive product catalog said, "Honestly, I was surprised by the affordability of the Kaon 3D Catalog. On top of that, we approached select product manufacturers that we represent, who immediately saw the value of the 3D interactivity of their products on our website, and wanted to partner with us. A minimal increase in our sales will cover the cost of the 3D Catalog by 25% through co-op marketing dollars."

**Collateral Cost Savings**

Reduction in Annual Printing Costs Annually	<b>\$10,000</b>
Cost Offset by Partners	<b>25%</b>
Return on Investment Period (months)	<b>5.33</b>

**Evangelizing Products Online Pays Off**

A company's website is often where prospects first encounter their products. The website also offers significant

benefits in convenience, depth of product information, customer control of the process, and interactivity. However, at a time when marketers can no longer fund "e-bells and whistles," most sites fall short of capturing the excitement of a product's features and functionality. Moving from a static online presence to a dynamic site, one with real "stopping power," can easily be attained with Kaon's solutions.

Kaon's interactive product models help websites achieve that elusive stopping power which not only offers prospects a deeper understanding of products, but also deters prospects from moving on to competitive sites. This is achieved because the customer is in control of obtaining highly relevant information. This means more than choosing a landing page on a site; it means having access to interactive information in a manner that engages, educates, and demonstrates. In a time when on-demand information reigns and customization is key, this ability can't be overstated.

The experience is transformed through interaction from being a passive process, to being an active, dynamic learning ex-



perience. Research has shown that when people participate actively in the sales process, not only do they become more engaged, their rate of retention dramatically increases. This means that important product information, if made available during an interactive exchange, will be far more likely to be remembered by the customer. As a result, the likelihood of that customer being in the position to make a better, more informed buying decision is also dramatically increased.

The Marketing Communications manager of a leading medical device company says: "The virtual product demonstration has been enormously successful. Kaon's virtual models have changed the way we're presenting our products profoundly, and the cost savings are dramatic.

“The virtual product demonstration has been enormously successful. Kaon’s virtual models have changed the way we’re presenting our products profoundly, and the cost savings are dramatic. The Sales team gave a standing ovation when we first showed them the models, and our customers are now engaging far more with our products. We’ve attributed 25 product sales directly to Kaon’s virtual model on our microsite, which contributed to \$3.1 million in new sales.”

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Website Cost Savings

Total Incremental Product Sales	<b>\$3,125,000</b>
Total Investment in Kaon	<b>\$63,450</b>
Direct Sales ROI (\$ revenue/\$ spent)	<b>49.25</b>
Return Period (months)	<b>1.1</b>

### Virtual Technology Takes Hold in a Declining Economy

Research indicates that companies who continue to maintain their market presence during a recession fare better, and rebound from more quickly, economic declines than companies who significantly cut their marketing efforts in the same period. Interactive technologies such as those offered by Kaon not only leverage marketing expenditures during economic downturns, but also afford

better communication of how products can benefit a customer's business—today, a prerequisite for even remote prospect interest.

With Kaon's solutions, it is possible to demonstrate a broad cross-section of products at trade shows—on Kaon's revolutionary v-OSK® touch-screen appliances, on sales laptops, on the web, and in PDFs—"virtually." Kaon delivers the ability to view products from every angle, manipulate them to take a given action, and investigate features to reveal the internal components that show how a product actually works—something that is often not an option with a physical sample. Kaon's realistic 3D interactive digital representations not only let customers see how products operate, but can also reveal any maintenance considerations. What's more, a presentation format like this comes the ability to seamlessly integrate key content, such as product information, messaging, and branding.

What this means is that "endless aisles" of products can be showcased at trade shows, sales meetings, road shows, and other remote events, drastically reducing shipping and travel-related expenses; eliminating the need for printed product brochures, yet making information available in a format that is innovative and easily updated to remain current; and drawing more interest on websites that keeps

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customers engaged for longer amounts of time. Because of Kaon's patented compression technology, once an extraordinarily realistic product model is created, it is reusable across multiple platforms, including websites, 3D PDFs, sales laptops, and remotely, at trade shows and executive briefing centers on the Kaon v-OSK<sup>®</sup>, a large-format, high-definition display appliance with an optical touch screen, built-in computer and high-performance graphics. Not only does this cross-section of venues leverage the investment in interactive solutions, it allows organizations to deliver consistent messages and an engaging experience across every channel and customer touch-point. This capability is increasingly necessary to address ever-changing customer needs and competitive pressures.

### In Summary

With Kaon's technology, marketers can deliver a persuasive and compelling product and company message—in a captivating way—while realizing dramatic cost savings. The proof is in the pudding. Actual customer examples prove beyond doubt that Kaon can improve the sales process and deliver real cost-savings:

- Reduce product shipping (trade shows and sales meetings)

- Diminish drayage costs (trade shows)
- Increase product accessibility (laptops, trade shows and briefings)
- Present greater customer engagement with products (sales meetings, website, training, trade shows and briefing centers)
- Minimize product powering and A/C costs (trades shows and briefing centers)
- Eliminate printing of product literature (trade shows and sales meetings)
- Reuse virtual demonstrations across multi-channels (web, laptop, Kaon v-OSK, 3D PDF)

**FOR MORE INFORMATION ON HOW KAON'S SOLUTIONS WILL HELP YOU BRING YOUR PRODUCTS TO LIFE, CALL 978.823.0111 OR "EXPERIENCE" IT AT WWW.KAON.COM.**

