

CentrSource connects consumers to ad offers



Bob Westrope, president and CEO of CentrSource, describes it as a variably priced utility that is available to advertisers without their incurring any fixed infrastructure costs.

Bob Westrope entered the store of a well-known Bloor St. merchant in Toronto recently. He noticed a large cardboard sign on an easel inside the store announcing a 25 percent off sale on a particular product line for today and tomorrow only. He was struck by how only the few people who came into the store were ever going to learn about the sale. It was of interest to him because he has a way of exposing sales like that and others of longer duration to tens of thousands of people over the Internet in a few minutes.

Westrope is president and CEO or CentrSource Corp., which has been working for a long time on a system that brings consumers and advertisers together. It's a new wrinkle in direct response executions and it's soon to be rolled out across Canada.

CentrSource is a simple concept. It's a central Internet site that matches up advertising offers with consumers who want them. It's theoretically a place where consumers can find deals in their geographic area on almost anything from cars, to furniture to dinner specials at Luigi's Italian restaurant down the street to everything in between.

It has the potential of being a direct marketer's dream. Marketers can place offers on the site and measure the responses by location, season, time of day or many other variables and test the effects of changes. They can even build direct mail lists from prospects who care enough about the product or service to leave their addresses.

CentrSource consists of two Web sites. ResponseExchange.com is the business site where advertisers, their agencies or media companies go to post their ads. They register and fill out the details of the offer through a template on micro sites that CentrSource refers to as 'OfferBoxes.'

There are no upfront or registration fees or costs related to appearance on the site. It is strictly pay for performance. The advertiser is only charged when the consumers take one of many actions up to and including an ecommerce purchase.

CentrSource officials say it takes only five minutes to complete the one-time registration. Creation of an OfferBox averages about 10 minutes.

The ResponseExchange site isn't the portal for consumers. They enter through the free CentrSource.com site where the OfferBoxes appear.

Here, consumers can find offers by product category, advertiser or media channel. They can print out the offers or coupons related to them. They can indicate they want to be contacted and state their preference of communication channel and times they're available.

There is even a By Invitation Only section on the site. Here, consumers can specify they want to be alerted when certain retailers or manufacturers come out with specials on a particular line of products.

CentrSource has been described as a found engine. The principals behind it like to say CentrSource is to advertising what Google is to search. It's also been called an emerging catalogue or directory of ad offers.

The idea is simple enough, but making it simple was not. The patent pending technologies and intricate site infrastructures have taken a lot of time and money to develop.

The soft launch earlier this year was undertaken primarily to test the technology. Westrope says it worked flawlessly.

"We provide an online utility that allows consumers to actually review all the live offers available in their area at any given moment of time," he says. "And that has been one of the missing links of the Internet. How do you get relevant local content? We furnish the infrastructure that effectively provides consumer access to the tens of thousands of offers out there."

CentrSource is not an overnight stroke of genius. It has been longer than four years, nearly 7,000 development days, and almost \$10 million in the making. But it is finally poised for hard launch.

CentrSource was formally unveiled to the marketing community at the Canadian Marketing Association convention last May. It had a booth at the trade show and was promising CMA members 10 percent rebates for joining.

During the summer, CentrSource has been lining up company participants and is aiming to have 15 major players on board for the hard launch that starts in Toronto in the fall. Strategic advisor Cheryl Young says it's crucial to get national brands involved in key sectors like retail, financial services, package goods, pharmaceuticals, telecommunications, and travel.

"When we roll out, the technology will have been developed and refined in good part to the reaction of people who start using it first," she says. "They tell us what they need and what is working. They give us that feedback and we start to shape the instrument to their needs." One big brand advertiser that has climbed on board is Procter & Gamble Canada. She says it plans to have all its brands up on CentrSource by summer's end, starting with three skincare products from its category leader OLAY. Through its agency of record, Padulo Integrated, CentrSource has worked out a program with the Toronto area General Motors Dealers Association. In this case, the dealer association created a Web site that uses CentrSource as an applications solutions provider. When consumers click on the dealer locator map, they are presented with a chance to access dealer specific OfferBoxes. Early indications are that participating dealer sales rose at a time where sector sales were down.

According to Young, CentrSource has succeeded in penetrating many agencies and client networks. It has signed agreements with both the Canadian and U.S. offices of Euro RSCG4D, among the world's largest direct response agencies. It represents CIBC, Volvo, L'Oreal and Perrier. It has also signed on Starcom Worldwide (Canada), the media buying group for Paris-based Publicis Groupe with clients that include Coca Cola, Visa, Disney, Kelloggs and Kraft.

Agency Spencer Francey Peters and parent Cundari Integrated Advertising have joined and are bringing clients that include BMW Canada, Four Seasons Hotels and Siemens, she reports. Also participating are boutique agencies like Henderson bas, WebFeet and Bimm Communications.

DoubleDay Book Club, a subsidiary of Random House Publishing, and Bertelsmann Media have signed pacts with CentrSource, she says. The same applies to Torstar Media Group's ShopTV.

Along with big brand names and prominent companies, CentrSource expects to have hundreds of smaller companies that have preopened accounts in anticipation of the Toronto debut. All that translates into thousands of OfferBoxes on the system.

There are about 40 major product categories and 500 subcategories, says Westrope. ResponseExchange facilitates the creation of thousands of micro sites daily and the system accommodates tens of thousands. In the early stages of the Toronto introduction he anticipates scores to hundreds of OfferBoxes being created daily with thousands on the system.

After Toronto, CentrSource will be rolled out to other parts of Canada market by market, says Young. Markets are defined as having roughly 3.5 million people. The U.S. will follow no later than September 2005 with international expansion commencing a year later.

Canada will serve as the greenhouse, she says. It's well suited for the germination role considering the high percentage of Canadians online with high-speed Internet connections. It's also appropriate as a concept of consumer empowerment and permission-based marketing that CentrSource get its start in a country like Canada with strong privacy laws.



Cheryl Young, strategic advisor for CentrSource, says more than \$1 million will be spent on advertising to consumers during the Toronto launch.

CentrSource will spend more than \$1 million on consumer advertising with the Toronto launch, she says. It will be a combination of outdoor, print, online and possibly other media.

Westrope points out it will also benefit from promotions done by participating advertisers and other media partners. They will feature the CentrSource logo on company promotions, stationery and other collateral alongside their phone numbers and Web addresses, and carry the CentrSource icon on their Web sites.

It's also counting heavily on viral marketing with Internet shoppers and browsers spreading the word. Young notes that Google has grown into a search engine giant with very little spending on traditional consumer advertising.

CentrSource received seed funding in 2000. The angel funder is the Interwood Marketing Group, an acclaimed Canadian direct response TV producer for advertisers internationally. Seed funds were supplied by Landmark Global Financial, a Toronto-based incubator.

The formative development partners included IBM Global Services and KPMG's Americas, now Bearing Point. Westrope formerly worked with KPMG's eStrategies Group. CentrSource Vice-Chairman Marty Rothstein was formerly chairman and CEO of MacLaren McCann.

The business plan was hammered out in 1999 and 2000, says Westrope. But delays occurred after the dot.com downturn when capital became scarce. The economic sag following 9/11 further stalled progress. The media marketplace is more robust now, he says. So the decision was taken late last year to finally introduce CentrSource.

Pay for performance promises to be a big inducement to getting advertisers involved. Payment begins when the consumer takes any one of a multitude of actions. A sophisticated model takes into account many factors to arrive at a fee.

It depends on the nature of the product, its value, the profit margin and the closeness of the lead to a sale, says Young. Hot leads where consumers leave instructions to call them are worth more than colder leads like asking for a brochure.



Don Cochrane, strategic advisor for CentrSource, says advertisers get a pricing calculator to gain some control and knowledge of their costs.

A pricing database is built into the system that ties the consumer action or request to the product and even the sub-product category be it high, medium or low value, explains Don Cochrane, strategic advisor on the technology side for CentrSource. It is part of the infrastructure.

"The person who places the ad or OfferBox whether from the advertiser, agency or media will have a calculator to plug in their pricing model to see what it will cost based on volume of response whether two, five or whatever percent. So there is some control upfront and knowledge of the fulfillment and back-end costs." Advertisers have absolute control, says Westrope. They can cap their expenditures. A marketer may allow a thousand responses from southwestern Ontario where penetration of a product has historically been poor because it would represent a big win, says Young. That marketer may cap responses at 500 from southeastern Ontario where business has always been good to avoid spending any more money there.

"You can change the offer by market and change how you want people to respond to you by market," she says. "It's all a matter of learning as you go how the markets react. A new home developer may want to sell the first 100 homes in a new subdivision at a special price and run that offer for the next 12 hours or 12 days and then have it expire."

A rule system alerts advertisers when they are on the verge of selling out, she says. At that point, the advertiser decides whether to extend the offer, change it or let it expire.

If the advertiser opts to let the offer expire, a consumer looking for that offer on the site gets a message that the offer is now closed, says Westrope. The advertiser is responsible for conveying to consumers how long an offer may last.

"We're providing a tool set that gives the advertiser as much or as little flexibility they want in servicing the consumer," he says. "In fact, CentrSource is great for defining limited time offers that may extend for a matter of hours or days."

CentrSource helps resolve a maintenance issue most companies have with their Web sites, says Cochrane. They often can't afford to keep them up to date with everything they are doing and offering offline.

Westrope says a well-known car company has a facility on its Web site where people can see all the offers in their area by entering their postal code. When he used it recently, it revealed only one deal for pickup truck.

"That defies logic. There are hundreds of offers from that car manufacturer floating around Toronto."

CentrSource has created a utility that is available for advertisers to use, he says. Web masters aren't capable of posting offers lasting a few days for a national company that may have 300 or 400 franchises across the country and multiple brands. CentrSource provides a variably priced utility with no fixed, infrastructure costs.

"We give a national car company, retailer or whatever business an intranet service for free that allows them to plan and execute offers tied to their current ad programs and they only pay for performance. One of the largest brands in the world told me recently that for them to do this once would cost \$3,000 to \$5,000. They admitted they would have hundreds of OfferBoxes created every day."