

# FORTUNE

## SMALL BUSINESS

New Ways  
for **Entrepreneurs**  
to **Get Heard** >> PAGE 9

# ENERGIZE YOUR BRAND

How a tiny marketing firm brings product mascots—and profits—to life. >> PAGE 30

**PLUS** Could a cartoon figure boost your business?



DAVID ALTSCHUL,  
co-founder of the  
Portland, Ore., firm  
Character, with Finn, the  
Pepperidge Farm Goldfish

*character*<sup>®</sup>



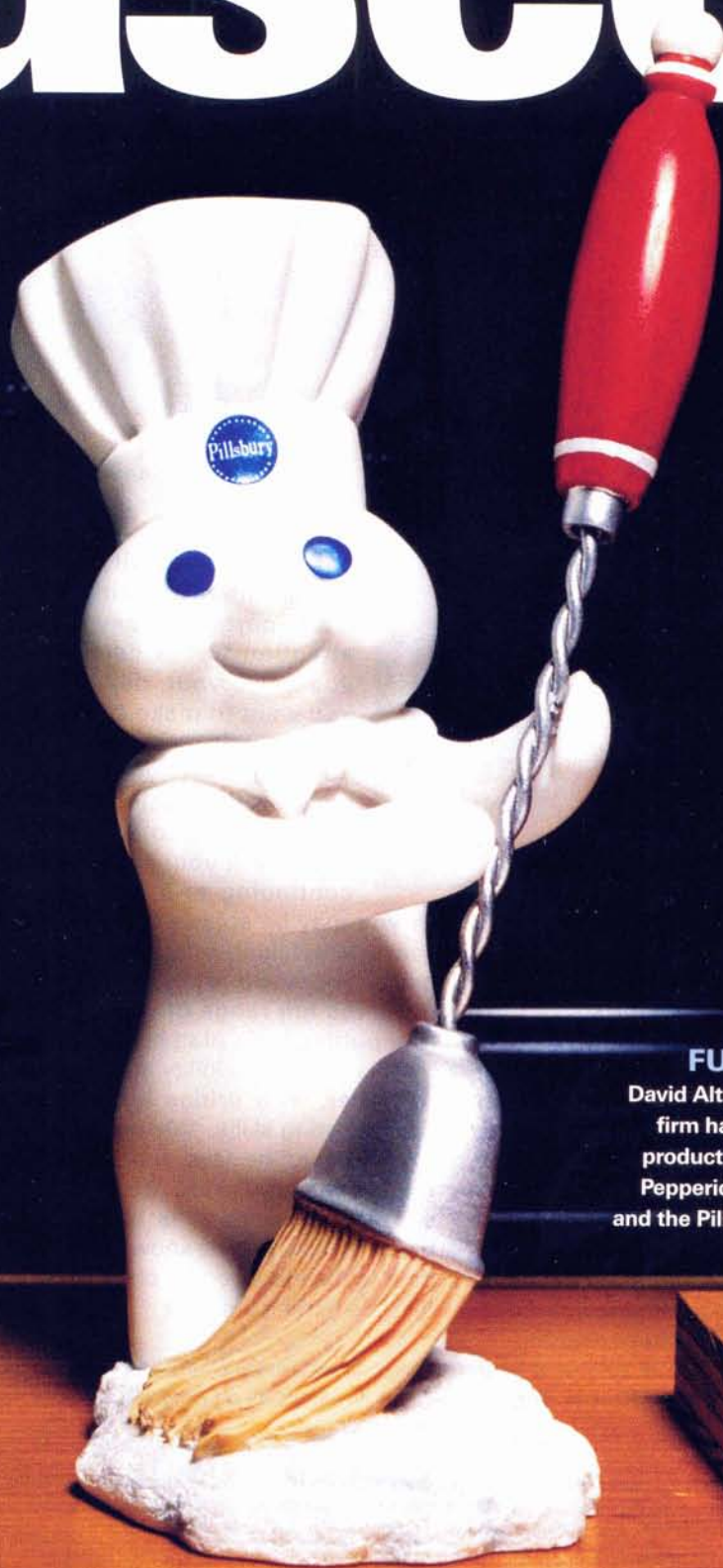
# Mascot

**HOW THE  
PILLSBURY  
DOUGHBOY  
EXPLAINS  
CONSUMER  
BEHAVIOR.**

**By Carlye Adler**

**W**HEN PEPSICO WANTED to differentiate its Mug root beer from competing products, it called David Altschul, the co-founder of a small marketing firm called Character in Portland, Ore., who helped create a mysterious bulldog to spice up Mug's soda cans. When General Mills decided to reinvigorate Buzz, the Honey Nut Cheerios bee, Character was hired to give him a makeover. And when Pepperidge Farm committed to sprucing up its Cheddar goldfish icon, the brand experts at Character

**Photographs by  
John Clark**



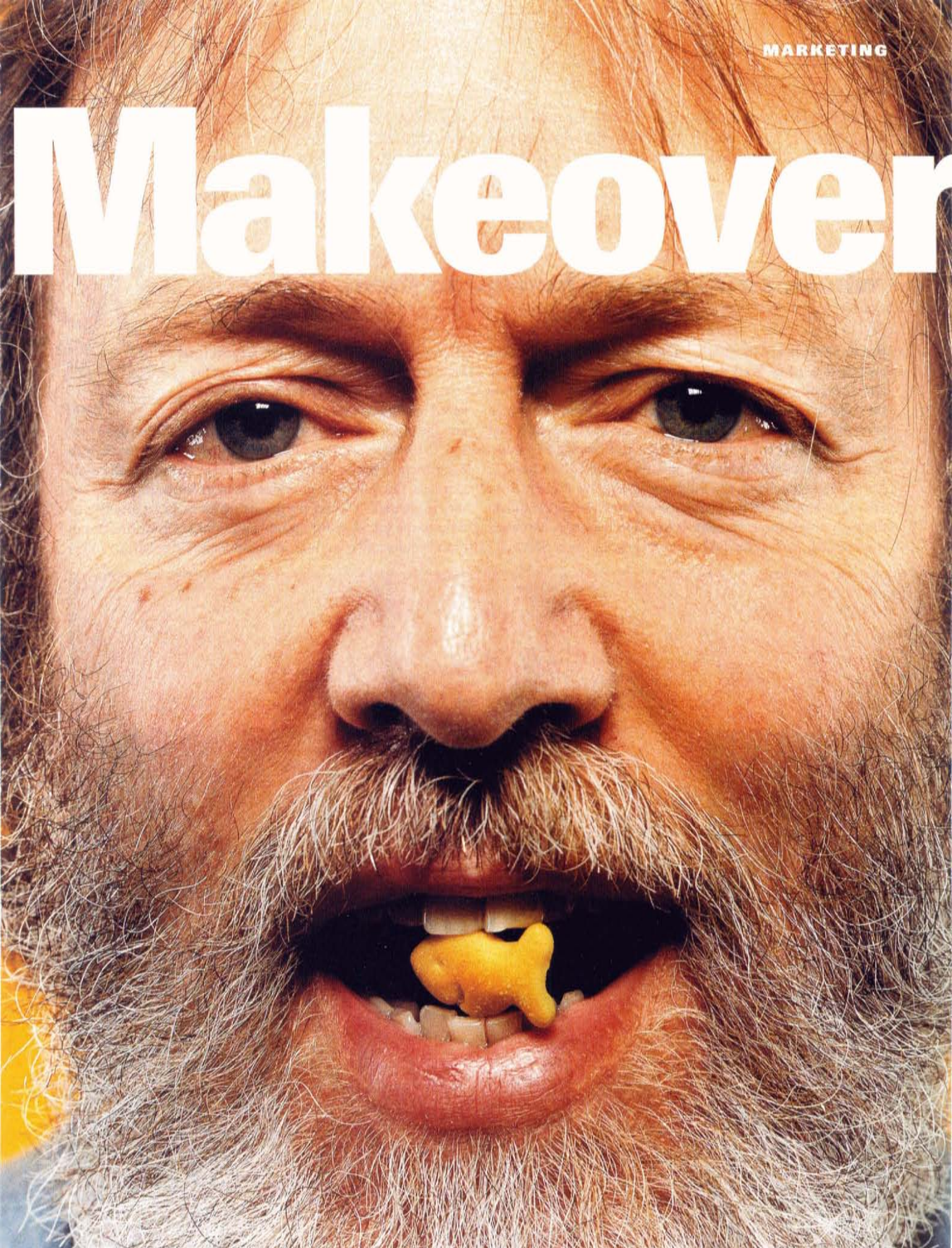
## **FUN FACTORY**

David Altschul's marketing firm has revamped such product characters as the Pepperidge Farm goldfish and the Pillsbury Doughboy.



MARKETING

# Makeover





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named him Finn, shifted his sunglasses to the top of his head, and moved him into a colorful community. His school, as seen on TV ads launched in January, now includes Gilbert, a shy pretzel goldfish; Brooke, a smart Parmesan fish; and a daredevil XTreme, from the Flavor Blasted line of Goldfish.

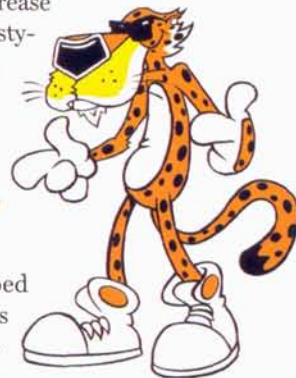
Chances are that unless you're in the advertising world,

**People "connect emotionally with characters whose struggles are familiar to them, not with characters who superficially look like them."**

you've never heard of Character, a six-person company that launched in 2002. Walk down any supermarket aisle, though, and it becomes clear that the firm's work has already seeped into the collective unconscious of U.S. consumers. Character, which takes in about \$2 million in annual revenue, has a client list that includes Cadbury Schweppes, Kellogg's, and Procter & Gamble. Among its accomplishments: putting Chester the Cheetah, Lucky the Leprechaun, the Pillsbury Doughboy, Punchy from Hawaiian Punch, and the Hamburger Helper Helping Hand on the path to self-improvement. It has also invented characters from scratch, such as the Bathroom Angels, for Angel Soft toilet

paper, and a cow (working name: Bovis Frigidous) for the new Quaker Milk Chillers dreamed up by PepsiCo.

Even more impressive than Character's client list are its results. PepsiCo saw root beer sales increase immediately after replacing its former frosty-mug logo with its new character, Dog.



Honey Nut Cheerios' Buzz got a revamped look, voice, and hive designed to capture his "bee-ness" (a previous problem was that he acted more like a person than an insect), and the product jumped from the No. 5 cereal sold in the U.S. to its current spot at No. 2. And though it's still too early to measure how Finn and friends have been received by the marketplace, the folks at Pepperidge Farm in Norwalk, Conn., say they're pleased. "This is a big departure for us, but it just feels so right to the values of our brand," says Connie Olsen, director of brand equity and communications at Pepperidge Farm. "You're





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going to see Finn around for a long time.”

With degrees in history and economics from the University of Chicago and a résumé that includes two years in the Peace Corps in Micronesia and a stint teaching photography in the slums of Chicago, Character co-founder David Altschul, now 61, makes an unlikely adman. He was always passionate about narrative, though (every grade-school snapshot shows him sitting in a corner reading a book), and he eventually fell into freelance filmmaking. Ironically, one of his first films, *Why Do You Buy?*, taught kids about consumerism. His projects included everything from programs for public TV to features and animated films, commercials, and rock & roll documentaries. (He followed the band Heart on tour in Texas and Japan in 1978.)

Altschul joined an animation shop in Portland called Will Vinton Studios in 1982 and spent the next 20 years working on the firm's animated television commercials. The biggest hit under his tenure was the California Raisins, which became a pop-culture phenomenon. Within weeks of the commercial's launch, kids donned black garbage bags and trick-or-treated as the Raisins for Halloween; later the Raisins got their own special on TV.

**T**HAT SUCCESS PUT ALTSCHUL AND his team on the map as experts in character development, but it also helped them formally define their theory about how such mascots can sell products. Most important was infusing each character with a distinct personality, a tenet that helped the studio revamp the M&M characters. (Ad agency BBDO wrote the script and fashioned the campaign, and Vinton Studios handled the animation.) Vinton treated the characters like hired performers and ensured that each was unique, with the yellow M&M a bit dopey and the red M&M exhibiting a Napoleon complex. Again, personality resonated with the consumer: Within three years of the M&M character launch, sales were up \$250 million.

Although Vinton was regarded as a creative powerhouse, it struggled financially. Not long after trying and failing to go public, the company was acquired by Nike founder and Vinton shareholder Phil Knight. Altschul, the No. 2 executive at Vinton, left during the transition. “I had to make sure we were not going to be held hostage to a com-

## WRITE STUFF

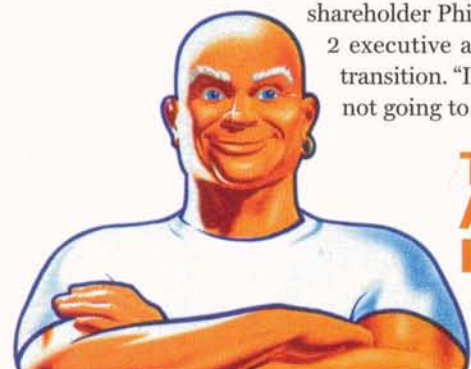
Creative director Jim Hardison with a Pepperidge Farm goldfish guitar. Hardison puts together the biographies of each fictional character.



pany going downhill,” he says. With Vinton colleague and fellow former filmmaker Jim Hardison (whose early work includes what he describes as a “terrible” film called *The Creature From Lake Michigan*) and a former Coca-Cola marketing executive, Brian Lanahan, Altschul spun off from Will Vinton and set up a new company called Character.

He immediately sought to differentiate it from other advertising and marketing shops, not only through its focus on creating and revitalizing brand characters but also through the process it uses. According to the company's approach, effective brand characters can't simply mirror the consumer. This cardinal sin is what Altschul says caused the downfall of the hip-hop Colonel Sanders, who was designed to engage KFC's “street” clientele, and the modernized Betty Crocker, who was a digital hybrid of multiple women who represent the brand's target audience. People “connect emotionally with characters whose struggles are familiar to them, not with characters who superficially look or act like them,” says Altschul. A look at long-reign-

**To find the story inherent in a mascot, Altschul stages three-day retreats with brand managers. Cost: about \$150,000.**





ing beloved characters proves his point: Tony the Tiger has an oversized ego, the Maytag repairman is a lonely perfectionist, and Sonny from Cocoa Puffs teeters on the brink of insanity.

**O**F COURSE, ALTSCHUL'S JOB IS MORE THAN JUST dreaming up troubled characters that tap into a consumer's tendency toward *schadenfreude*. Creating characters is "not about making stuff up but discovering the story inherent in the brand," explains Hardison, the firm's creative director. To find that story, Altschul runs something called Character Camps, three-day offsite retreats (sites have ranged from the Teahouse in Portland's Japanese Garden to a 300-acre ranch in Texas to the coffee-growing regions of Colombia), where the brand's managers, package designers, web developers, and advertising executives convene with the staff from Character—and a few freelance sketch artists and actors—to develop fictional spokescreatures that connect with the consumer.

Character runs about eight to 12 camps a year—cost: around \$150,000—and even among creatives in the advertising world, the experience is unique. First, Character downloads its theories about things such as conflict, story framework, and what the company calls "universal human truth." It's not all as complicated as a semiotics seminar; participants also get to hone their skills by sharing personal stories and doing improvisation with professional actors. ("Improv? You've got to be kidding me," Pepperidge Farm's Connie Olsen remembers thinking, not relishing the prospect of looking silly in front of co-workers.)

The pros at Character claim that the hands-on approach works. "When people are up on their feet performing, they can't be analytical and they articulate stuff normally in their unconscious," says Hardison. Altschul and Hardison also spend a lot of time asking questions about the product, category, brand, and strategy. "It's like them playing detective and us playing witness," says Chad Dick, a director of marketing at PepsiCo who worked on the Milk Chillers product. "There was a lot of 'Why this?' or 'Why that?'"

Every idea and utterance from the brand executives is recorded, and staffers at Character spend the next several hours going through their easel-sized pages of notes. Mostly they are searching for any conflicts within the brand. Through this process Character realized that Maytag had to justify its established dependability with its newer penchant for innovation. They realized that Quaker's Milk Chillers would have to come to terms with promoting the wholesomeness of milk and the deliciousness of its decadent flavor. And for Mug, they discovered a conflict in balancing the root beer's exotic yet familiar flavors.

The next step is finding a character that embodies the brand conflict. At the Mug Character

# Small Business Case Study No. 1

## ROBERT'S AMERICAN GOURMET

**A**CCORDING TO THE PROS AT CHARACTER, product mascots succeed when they embody a brand's inherent conflict. In the case of Robert's, founded in 1986 by ex-commodities trader Robert Ehrlich, with about \$50 million a year in sales, the conflict is snack food that's fun to eat but is also good for you. (Its all-natural ingredients include spinach and kale.) Even the product names—Veggie Booty, Smart Puffs, Nude Food—combine these traits: healthy food that feels indulgent.

Robert's uses dozens of mascots, including a pilot, Sigmund Freud, and a mischievous-looking pirate on its signature product, Pirate's Booty. "These are characters who refused to accept the standard way of doing things, either by pioneering revolutionary approaches or by living outside the normal rules of society," explains Jim Hardison, creative director at Character. The drawings are based on Ehrlich (except the Einstein-ish character on Smart Puffs, inspired by his father, Mel), but Hardison says the style of drawing—irreverent, fun—is more important than the specific individuals shown. Here, Hardison's analysis of the pirate:



The character's eye is drawn in a way that tracks when you look at it, creating a connection with buyers. A concerned eyebrow and smile makes him mischievous, not evil or dangerous.

The "cartooniness" of the pirate supports that too, in that a realistic pirate is a dark, negative character who breaks laws. This is just transgressive enough to be fun without being threatening.

As Ehrlich expands overseas, he may want to replace the mascot in certain locales (such as the Caribbean, which was repeatedly plundered by pirates).



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Camp, a wild boar was an early contender. "A pig is familiar, but a wild boar is more exotic, and it's low to the ground, so it hangs out in the forest close to the roots," says Hardison. Also in the running, a Sasquatch, or Bigfoot character ("Like a man, which is familiar, but more exotic because it lives in the wild") and a dog—specifically a bulldog which, like root beer, is tenacious, thick, brown, and has a lot of "nose." The consensus at camp was that the dog was the hands-down winner—something supported later by focus groups.

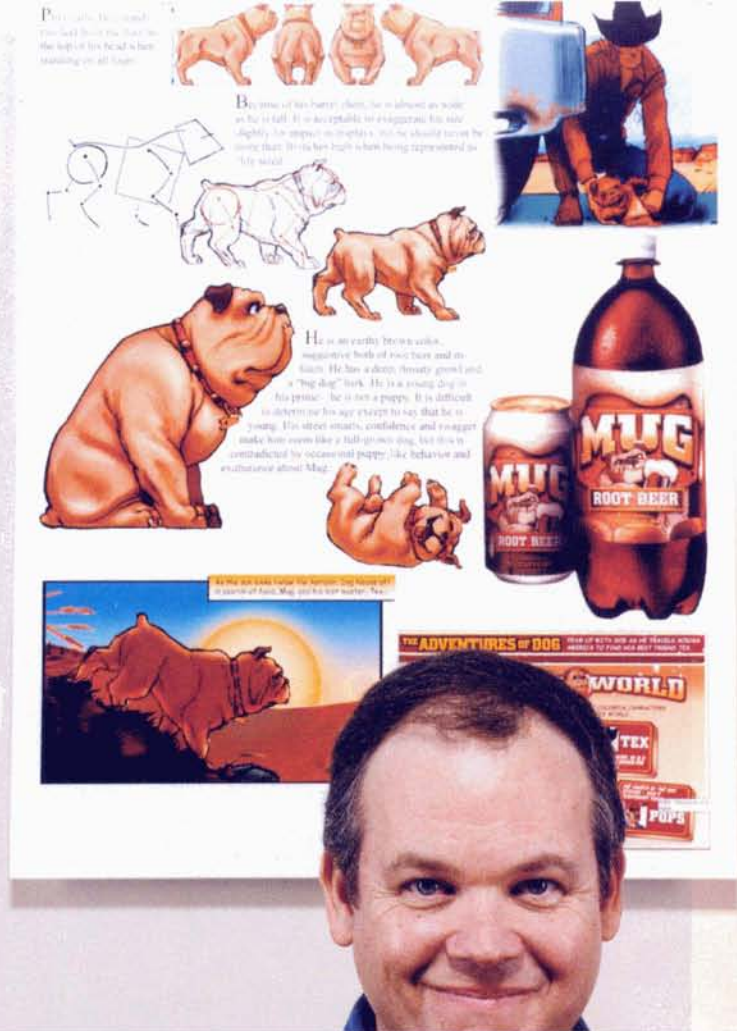
The folks at Character work until about 4 A.M. doing much of the conflict scouring and character honing on their own. Hardison stays up the entire night writing the team's discoveries in a 12- to 15-page story, which he presents to the brand leaders the next day. (For Mug root beer, the elaborate story started with a Mug delivery driver named Tex discovering an abandoned bulldog puppy, which he reluctantly keeps and simply calls "Dog." Later, after a crash, Dog and Tex are separated—paving the way for future web and TV ads following the character's quest to be reunited with his master.)

For the people who breathe these brands, witnessing these characters come to life can be a mesmerizing moment. "It's like waking up on Christmas morning," says Connie Olsen at Pepperidge Farm. "Jim read the tale of Finn, and it was breathtaking. His world unfolded and had meaning—we understood our brand better."

After the camp, Character's employees return to Portland and produce a comprehensive Character Book. The Milk Chiller's sunglasses-sporting bovine is 45 pages, and the book for the Trix Rabbit is an impressive 74. Camp attendees say the book serves as a bible documenting the brand's "conflict and truth"—its essence—as well as every aspect of the character's personality, world, and relationships. As far as revealing specifics, most brand managers won't tell. ("This is so core to what we're doing now and what we will be doing in the future—it's just too dog-gone proprietary," says Olsen.) Brand managers will reveal that the book offers specifics that provide a framework for how to

### DOG SHOW

Managing director  
Brian Lanahan with  
a board depicting  
Dog, PepsiCo's  
root beer mascot.



stay true to a character's core as he grows and develops. "Other agencies will try to take away from Dog, from his roots. They say we can dress Dog up or have him walk upright, or talk," says Rita Stockett, director of product innovation at PepsiCo. "That will never happen."

**W**HILE THE FOLKS AT CHARACTER MAY DO SOMETHING unique—"Character creates people out there who are our friends," says John Thomas, former head of brand equity at Maytag and now an advertising professor at Iowa State—they, like the characters they help create, are not flawless superheroes. Even the most compelling char-

## Would a Mascot Help Your Business?

BEFORE YOU SAY YES, CONSIDER A FEW GUIDELINES FROM THE EXPERTS.

**1. THE MOST** important step in creating a character for your brand is understanding the brand itself: **What are you really selling?** McDonald's sells food but also fun. It uses minor characters, such as Mayor McCheese, that look like food, but its best-known mascot is a clown.

**2. CHARACTERS** generally work best for consumer **products, not**

**services.** If your company doesn't try to attract buyers through creative packaging, a character might not give you a big marketing boost.

**3. DON'T ENVISION** the character as an ambassador for your brand. Ambassadors have to be perfect, which generally makes them boring and unbelievable. Conflict and **flaws make characters interesting**

and engaging, such as the competing personalities among M&Ms.

**4. DON'T WORRY** about making the character look like your typical customer. KFC's hip-hop version of Colonel Sanders was a bust because the marketers were concerned more about how he looked and less about **how he embodied the company's brand.**



# Small Business Case Study No. 2

## ANNIE'S HOMEGROWN

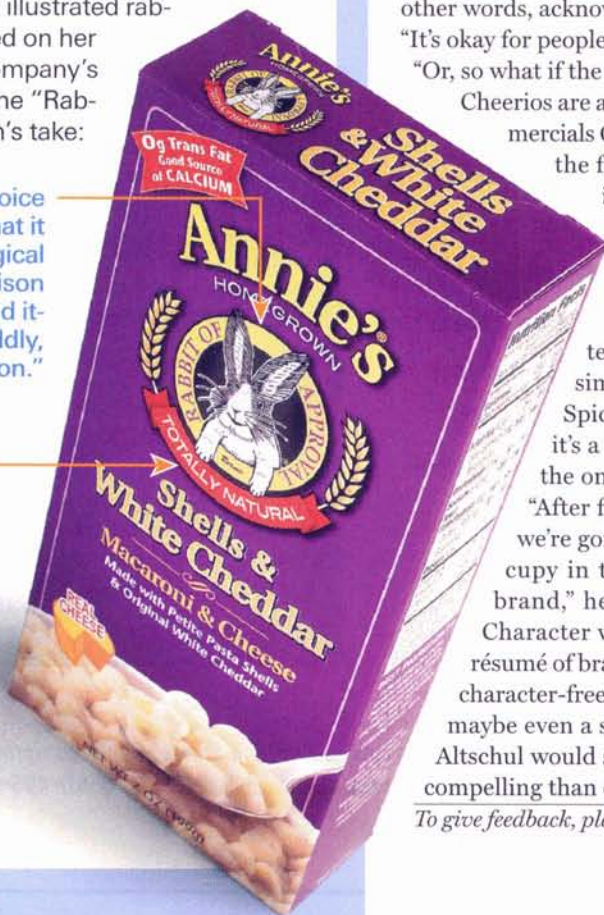
**S**IMILAR TO ROBERT'S AMERICAN GOURMET, Annie's Homegrown, a Napa, Calif., company founded by former organic farmer (and Smartfood creator) Annie Withey in 1989, sells packaged food that's supposed to be better for you than competing products. But unlike the iconoclastic, fun approach that Robert's takes, Annie's sends a message of caring and concern. Character creative director Jim Hardison says that is a sound strategy for a product purchased by adults but often consumed by their kids. "It's comfort food you can feel comfortable about," he says.

The word "homegrown" on the package supports this too. "If Hamburger Helper called itself Hamburger Helper Homegrown, you wouldn't necessarily believe it, based on everything else you know about that brand," Hardison says, "but with Annie's you do, because it combines powerfully with the rest of the story."

Withey chose to use an illustrated rabbit for its packaging (based on her pet, Bernie), which the company's marketing materials call the "Rabbit of Approval." Hardison's take:

A rabbit is a smart choice for a kids' product in that it has deep psychological hooks for parents, Hardison says: "It's like a little kid itself—small, cute, cuddly, and in need of protection."

"The black-and-white line drawing evokes children's books such as *The Wind in the Willows*," Hardison says. The box sends a message of authenticity: Annie is real, the rabbit is real—the brand is real too.



acter can't make a shoddy product soar off the shelves or save an ailing company from extinction. Case in point, the Maytag repairman and "apprentice" character Altschul and his team created were memorable brand characters but not powerful enough to prevent an uncertain future for the company. Maytag struggled and was acquired in March by rival Whirlpool, which no longer uses the apprentice.



**PRODUCTS THAT POP** The firm keeps mascot models around its office, including this one of Orville Redenbacher.

**A**FTER PARTICIPATING IN 46 projects over four years, Character is now expanding

its repertoire to organize camps for companies that don't have a character and don't want one. The first project in this category: Cheerios. Although the brand never had—and never will have—a critter (as characters are known in the business), the brand managers at Cheerios thought there were lessons to be gained from Altschul and company. "We had the No. 1 cereal and we treated it as perfect, but we learned the way to make it authentic was to acknowledge that it is not perfect," says Ann Simonds, president of the baking division at General Mills. In other words, acknowledge the occasional cereal-related mess. "It's okay for people to eat Cheerios for dinner," says Simonds.

"Or, so what if the box is ripped? And why not celebrate that Cheerios are all over the floor of the car?" In recent commercials General Mills stopped plugging Cheerios as the flawless heart-healthy cereal and focused instead on heartwarming stories about family connections—one involving a father diagramming football plays for his son using Cheerios.

Since Character's foray into noncharacter brands with Cheerios, it has worked on similar, noncritter projects for Chrysler, Old Spice, Tostitos, and Wal-Mart. In many ways it's a new direction for the company as well as the one Altschul was working toward all along. "After four years we proved our model, and now we're going back to the territory we wanted to occupy in the first place—bringing story to every brand," he says. But how does a company called Character with proprietary Character Camps and a résumé of brand characters evolve into a business that's character-free? It sounds like the makings of a conflict—maybe even a superconflict. Perhaps, if navigated right, Altschul would say that's what will make Character more compelling than ever. □

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1925 NW Overton  
Portland, OR 97209  
(503) 223-3999  
[www.characterweb.com](http://www.characterweb.com)