

Vonage Means Business

With landline users waning, the Internet telecom company wooes business customers with new cloud-based services

BY DAYTON FANDRAY

Once considered pioneers in the consumer-oriented telecom market, executives at Vonage found themselves at a crossroads as the company moved into its second decade of operation. Vonage had disrupted the industry by offering consumers an Internet-based alternative to traditional landline telecommunications. The migration from landlines to mobile telephone service, however, began to eat into the company's customer base. Hoping to leverage the company's brand

awareness among consumers and its longstanding reputation for service and innovation, the management team decided to move aggressively into the business-to-business market — a market that is projected to grow 30 percent annually over the next five years. Chief Marketing Officer Ted Gilvar describes the move as a major transformation of the company's business strategy. "We are building on the strength of our consumer brand and our disruptor heritage to be a leader in the cloud communications market," he says.

STEP 1: Vonage acquired Vocalocity, iCore, Telesphere, gUnify, and SimpleSignal, five companies that already had considerable expertise in delivering telecommunication platforms and technologies to business customers. Under Chief Executive Officer Alan Masarek's leadership, Vonage integrated these acquisitions into the existing corporate culture by creating a series of employee-first initiatives specifically designed to align all staff around a common mission and set of values. By functionalizing roles and responsibilities, Vonage successfully migrated the five individual companies into the Vonage brand. With the integration of the new acquisitions, Vonage was now able to offer customers two distinct product sets: business-to-consumer and business-to-business.

STEP 2: Having defined a new set of core values, Masarek launched them at an all hands meeting. The company-wide goal, he noted, was to establish its reputation as a clear leader in the cloud communications business. Throughout the company's 15-year history, it had been known as a disruptor. The new mission, as articulated by Masarek, was to build on this reputation, "[transforming] the way people and businesses connect by questioning the status quo and finding a better way." Adds CMO Gilvar, "This [persona] doesn't just inform advertising and marketing, but is an organizing principle of how we operate."

STEP 3: Beginning in late 2013, plans were formalized to deliver this message externally, to potential business customers. Brand awareness, per se, was not considered to be a problem. The company had spent \$2 billion over its 15-year history to establish its brand. "The trick," Gilvar says, "was how to build the required credibility as a provider of business-grade services and solutions and let prospects know that Vonage means business." The marketing team accomplished this by connecting the consumer and business brands under the Vonage umbrella, thereby establishing a common brand. It then differentiated the two services by adding the tagline "The business of better" to advertising and marketing materials directed at business customers.

BOTTOM LINE: Gilvar reports that the campaign has been running smoothly, with no need for fine-tuning along the way. He further notes that after the television and radio phases of the campaign drew to a close, unaided advertising recall was up 45 percent and unaided brand awareness among business owners was up 48 percent. "Beyond the brand lift," he says, "we saw an increase in leads of 18 percent during the campaign. And beyond the directly attributable campaign results, our B-to-B business is flourishing." The company's organic business revenue growth for 2015 was 40 percent for the companies that were owned by Vonage for all of 2015. In the fourth quarter alone, the company added 8,900 new business customers, a rate of roughly 100 per day. At the end of 2015, the company had 542,000 business users. The success of the campaign further propels Vonage toward its ultimate goal of maintaining a leadership position in the telecom industry. "It's not a matter of [necessity]," Gilvar says. "It's a story of expanding a brand to harness business opportunity." ■

STEP 4: Vonage launched the campaign in June 2015. Channels included television, radio, digital advertising, and sales enablement. The broadcast phases, which were budgeted at just over \$15 million, ran from June through November. Digital advertising and sales enablement are ongoing. The goals of the campaign are two-fold: to improve brand awareness and consideration among business decision makers, and to provide a lift in the leads that were being driven to the business. The company measured brand metrics both before and after the broadcast phases of the campaign concluded, as well as the lift in leads.