## Crayola's Color ful Evolution

It may have inspired generations of kids to get creative with color, but when it comes to integrating digital technology into its products, Crayola is doing more than painting-by-numbers.

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When is a color more than just a color? When it shows that a brand is in tune with its times. With the Civil Rights movement gathering pace in the early '60s, Crayola realized that not all children could draw pictures of their families using the 'flesh' crayon to color their skin. Soon enough, the shade was quietly renamed 'peach.'

Sixty years later, we're undergoing another cultural shift. It may be technological rather than political, but as kids are bombarded with ever more sophisticated forms of entertainment, the message remains the same: Adapt or get left behind.

As digital products replace the more tangible things in our lives, it's tempting to write off Crayola as a dinosaur from a different era. After all, its core business is over a century old, and involves unsexy industrial processes like pouring hot wax into molds. But in reality, Crayola is making itself more relevant than ever, not just

keeping up with the digital age, but helping to set the pace.

"We're medium agnostic," says Vicky Lozano, VP of Corporate Strategy. "We never had a debate about whether we should or shouldn't step into digital. It's all about how kids play."

But in a world where digital is overturning so many old habits, how do kids play today? What has changed in the 125 years since cousins Edwin Binney and C. Harold Smith first made red oxide pigments for barns and carbon black for automobile tires? In the 109 years since Binney's wife, Alice, coined the word 'Crayola' as the brand name for the high quality, affordable colored wax sticks her husband and cousin developed for schools? What has changed? Everything and nothing.

"The fundamental things about kids are still the same," Lozano insists. "They're curious. They want to be engaged. They want to explore." With three children aged six, four, and two herself, Lozano has access to 24/7 market research – "And they're brutally honest," she jokes.

A 2011 survey by Smarty Pants ranked Crayola as the most-loved brand among mothers and put it in the top 20 among kids. (Bonus fact: According to another study by Yale University, the smell of a fresh box of crayons is the eighteenth most recognizable scent in the world.) Crayola didn't achieve that kind of brand penetration by accident; it got there by being laser focused on those consumers above everything else.

"In the world of technology it's very easy to get distracted by the next shiny object," Lozano says. "So the question was, 'What kind of experiences and technologies do we really want to get behind?'

"We've spent a lot of time over the last few years making sure we're very clear about what our 'true north' is.







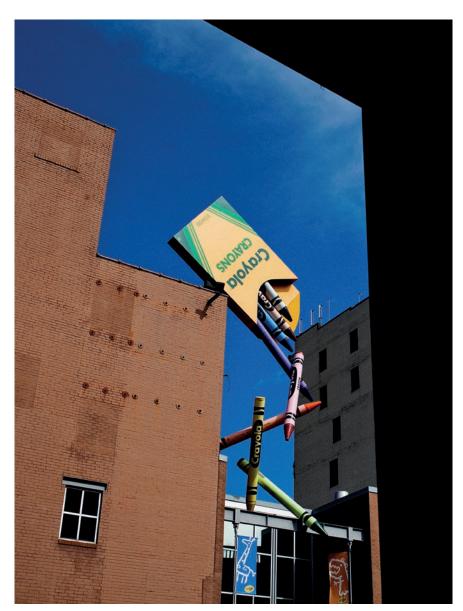
We happen to make a lot of great tools, but at the end of the day, we're here to help parents and teachers raise creative and inspired kids. That's our purpose — no matter what kind of products we offer or how we go to market.

"We ask ourselves: 'What are the things that we can do as a company, whether they're products, services, or anything philanthropically, that can help support kids' growth and development?" she continues. "We have designers who say, 'Wouldn't it be cool if I could do this...?' We are constantly innovating. We have a lot of proprietary technologies now, capabilities around chemical technologies and, especially over the last several years, digital technologies."

Crayola isn't using those technologies to replace its core business of manufacturing and distributing crayons; instead, it's integrating the old and the new. Take, for example, a new range of products like the iMarker, an all-in-one digital pen, crayon, and pencil, designed for use with the Color Studio HD iPad app. It's similar to the traditional coloring book experience, but with added interactive sounds and motion. Or Lights, Camera, Color!, another HD application that allows kids to turn their favorite photos into digital coloring book pages.

Perhaps the pinnacle of Crayola's ventures into tech toys is the Digital Light Designer, a 360-degree domed drawing surface that allows little imaginations to run wild with colored LED lights. Children can play updated versions of their favorite games or animate and save up to 50 pieces of their own artwork.

And the company has done its homework — understanding child development at different ages, and how digital can play a part. Thus the 'My First Crayola' line is directed specifically at one-year-olds; while



Above: The playful facade of Crayola's corporate HQ in Easton, Pennsylvania

'Crayola Catwalk Creations' targets 'tween' girls interested in expressing themselves through fashion.

Crayola also understands that even the most integrated products are useless if consumers don't know about them. That's why, over the past few years, "We have invested more and more in digital marketing initiatives," explains Nancy Conrad, Director of Marketing Communications. These initiatives have taken the form of online advertising, promotions, social media pushes, and other digital activation programs that allow Crayola to connect with parents and educators invested in raising creativity levels among kids.

Perhaps unsurprisingly, that connection has been particularly effective via social media, with Crayola's YouTube channel recently celebrating its

fourth birthday. On Facebook, they run a live chat series with experts and creative celebs called 'Inside the Crayon Box.' "We prompt conversations around creativity so parents can learn from each other and understand how they can easily take action to build creativity as a skill in their children," says Conrad.

This kind of digital marketing has a distinct advantage over traditional media advertising because it allows you to go where your consumers are. "Our core 'mom audience' is turning to the web for gift and usage ideas; she's price comparing and reading reviews before she makes purchases," says Conrad. "That's why we focus heavily on search, social, and digital display, helping mom find the Crayola products she needs to fulfill her child's back-to-school list or gift ideas."

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The hands-on Crayola Experience in Easton includes buckets of purple play sand for big and small kids alike

Gifts and new school purchases are two of Crayola's core revenue streams. As a result, seasonality and targeting are key. Conrad's team ramps up its paid media and digital activity during the back-to-school and holiday seasons, while keeping a close eye on all of its channels through Google Analytics.

"We continue to test and learn what channels will be most effective in helping mom make informed purchase decisions," Conrad explains. "We test both creative and placement to optimize our display and search campaigns. Our survey and sales data shows a positive impact on our digital buys, and we've mapped out a strategy to continue to grow in channels where mom is looking for product and usage ideas for various occasions and seasons."

This success with new media — particularly in reaching out to educators — wouldn't have been possible if it wasn't for a decision taken in 1948, when Binney & Smith (as the company was still called back then) implemented the first workshops to help art teachers utilize their growing line of products. That training kickstarted a relationship between Crayola and learning institutions that still stands today, and which puts the brand in a privileged place in the lives of its consumers.

"They are in the unique position of being one of the first connections kids have to start building their creative skills — at home, in preschool, and in elementary school," says Tim Magner of The Partnership for 21st Century Skills, a national organization that prepares children in the US to compete in a global economy. It recently voted Crayola to a seat on its executive board. "Through visual arts, Crayola helps kids think critically and creatively, work together, and find ways to communicate their imagination, thoughts, and ideas."



Vicky Lozano, Crayola's VP of Corporate Strategy

And yet Crayola might not enjoy such success at inspiring creativity if it didn't embrace a creative ethos of its own. "We're not structured like a traditional organization, which would be divided by product lines; our product marketing is structured around consumer insights and needs," Lozano explains.

By understanding those needs, Crayola can ideate from a consumer-oriented point of view. "We don't enable anything that doesn't already exist," Lozano says. "Those ideas are already in the minds of children. They're naturally curious and unconstrained. They haven't yet learned all the inhibitions that we've learned as adults. Our goal is to help bring that out."

One way in which Crayola is tapping into kids' creative talents is through

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Doodle 4 Google,' a partnership that challenges school-age artists to come up with an original design for Google's home page, which is visited by millions of users daily. In addition to featuring on Google.com for a day, the winning design will be used on a limited edition Crayola 64 Box.

"We typically don't partner," Lozano explains. "It was a very selective decision for us. Our companies' missions were so incredibly aligned that when we talk about the betterment of kids, there was such a marriage of the two. What's great is giving kids an opportunity to really bring those amazing, original ideas and concepts to visual form. What better kind of reward than to share that with the world?"