



"WORLD CLASS" CO-OP

COMPANY

Capstone, now known as Arrow PEMCO Group, is the largest distributor of passive, electromechanical and connector products in North America, and is a wholly-owned subsidiary of Arrow Electronics, Inc. (NYSE: ARW), the world's largest electronics distributor, with sales of over \$ 8.3B. Arrow Electronics acquired Capstone (previously an independent company) in the early 1990s.

CHALLENGE

In 1993, Capstone had stiff competition from a number of distributors. Most notably, TTI, Time and Hamilton/Hallmark were garnering an unfair mindshare in the market through extensive advertising in trade publications.

The challenge was to design a strategic campaign that positioned Capstone as the industry leader in terms of depth, quality and global image. We wanted a theme that would be universal, translate to a variety of ad formats and messages, and would out-class the competition and put Capstone on the offensive.

STRATEGY

Capstone had traditionally placed tactical co-op advertising, leaving little budget for the strategic advertising that it required. Our solution was to create a theme that not only attracted much

higher levels of co-op participation (with the result of higher advertising budget), but also promoted the corporate image.

RESULTS

Origin Communications, working with a team of Capstone executives, launched the most successful OEM co-op advertising campaign in the industry. The initial theme of "World-class Distribution" featuring a frequently-repeated image of the earth from space captured the industry's attention and the lion's share of premium and innovative placements. With co-op sponsors flocking to join the Capstone campaign, Origin Communications and Capstone annually placed more than 150 full-page ads in the industry-leading publications.

The ongoing multi-year campaign became a blockbuster. Origin Communications grew to oversee Capstone's entire advertising campaign and produce its collateral material.

Capstone's (PEMCO's) image now outshines its competition. Capstone has claimed the high ground and set a new standard for advertising in its industry. Capstone confidently announced its goal to become a billion dollar distributor by the year 2000, as revenues consistently soar in a traditionally low-growth industry.

