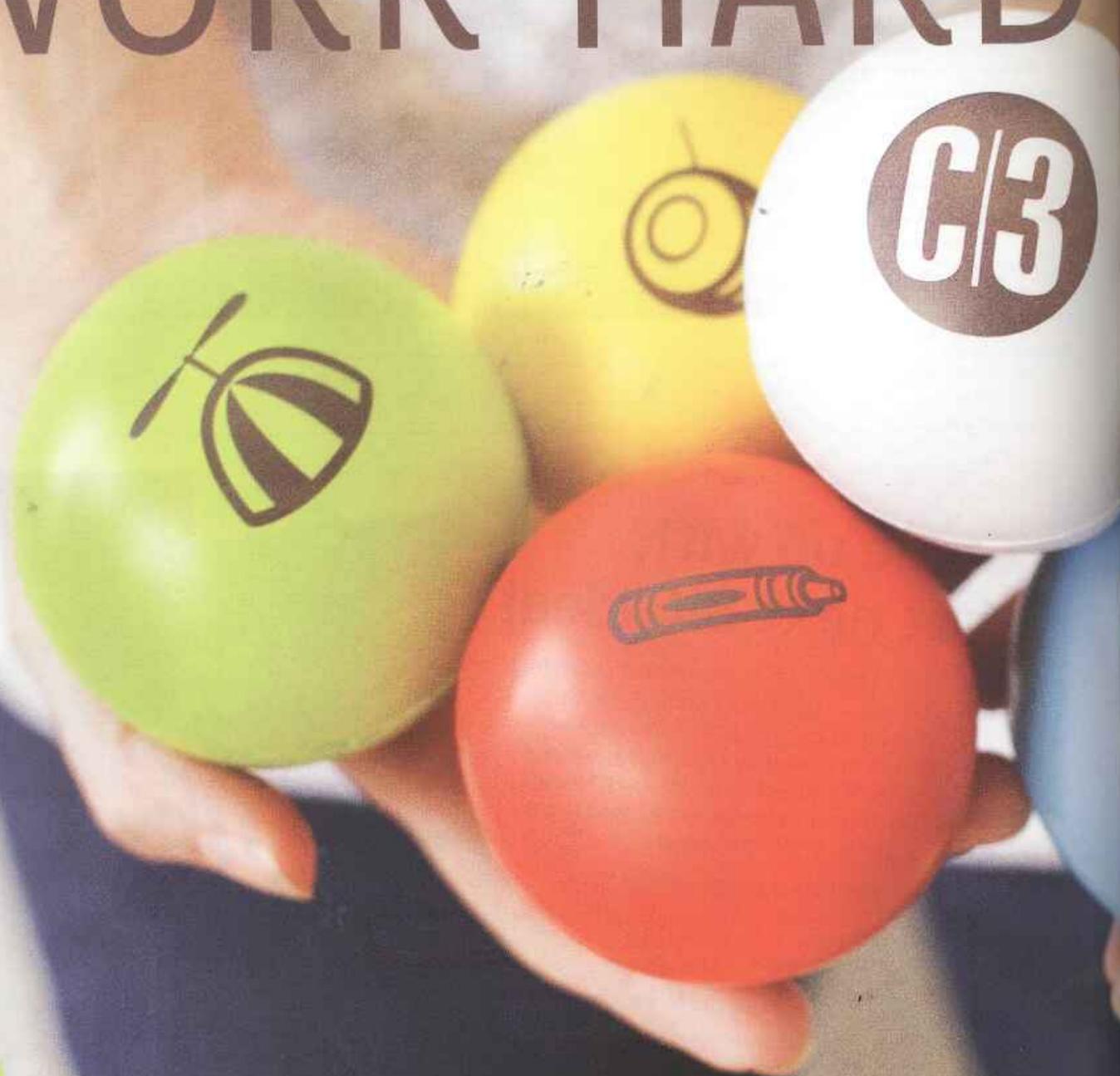


WORK HARD



PLAY HARD

BY HEATHER WEST

The team at midwestern design firm C3 has all the fun, creating toys, books and other goodies craved by kids across the U.S. Find out why C3 has the country's top restaurant chains eating out of its hand.

Why would Sonic, Red Lobster, Arby's, Paradise Bakery, Chick-fil-A and more than 60 of the nation's most competitive names in family-friendly dining be willing to share the creative minds of 44 people in Kansas? Because of the more than 60 million toys and games they produce every year.

This unique team is among the largest providers of crayons and activity books, cups and placemats in the restaurant industry. They create the fun stuff that kids want to keep and that parents are willing to bring home. They develop effective marketing programs that help restaurants do more than keep kids occupied with the latest movie tie-in promotion.

They deliver presentations that make busy executives want to stop, listen and play. They have the expertise and global network that lead their clients' marketing and purchasing departments to a consensus. They're C3.

IN THE AIR
C3 juggles numerous balls. Turning work into play, each ball's icon represents one of the firm's six centers of excellence: kids, design, toys, promotions, distribution and charity.



PITCHING TO CLIENTS

Creative and interactive kids' meal programs start with the client's buy-in. C3 presented Del Taco's decision makers with personalized mechanic shirts and a build-your-own retro hot rod kit. The model took the shape of a Del Rod Roadster, one of the toys C3 proposed for an upcoming marketing program.

C3 is short for Creative Consumer Concepts, self-described as "kid-smart brand marketing." They create research-based, child-focused marketing programs and playful, award-winning products for the restaurant industry. Unlike traditional design firms that invoice by the hour or project, C3 sells the products it designs. That business model helped the 22-year-old firm grow to more than \$40 million in revenue last year.

Based in Overland Park, KS, the C3 team of designers, illustrators, production experts and account folks hails from across the country and boasts varied careers. While several have worked at large, traditional advertising agencies or for in-house creative teams such as nearby Hallmark, others draw from diverse backgrounds including licensed merchandising, hospitality, vendor procurement and logistics management.

CEO Bob Cutler walked a professional path that led logically to his role as C3's founder: He's a former account executive for Hallmark Cards and vice president for promotional toy manufacturer Equity Marketing Inc. Cutler launched C3 in 1987 based on six centers of excellence: kids, design, toys, promotions, distribution and charity.

C3's president, Randy Jordan, who previously owned a software-development company, joined the company in 2001, working on business development. "I was attracted by the 'work hard, play hard' attitude and the entrepreneurial culture," Jordan says. "Bob had managed to preserve this while growing from a card table and a phone in a friend's basement to this strong, sizeable company with a network across the globe. His emphasis on company culture has been the glue throughout the years, and his focus on provid-

ing a complete, one-stop shop for our clients is what has made us unique."

ELBOWS ON THE TABLE

Less than a decade after McDonald's introduced the Happy Meal in 1979, C3 began bringing that same branded approach to kids as they sat at the table in casual, family-oriented restaurants (what the restaurant industry calls quick-service restaurants, or QSRs). One of the company's first clients was Oklahoma-based Sonic Industries. "We have a drive-in concept, which offers a nostalgic, different service experience than most QSRs," says Tamara Stanley, Sonic's director of relationship and customer segment marketing. "Customers drive up and are attended to by a personal carhop, many of whom are roller-skating.

"For more than 20 years, C3's been very involved in our brand and kids' program," Stanley says. "They help us create an experience that is uniquely Sonic."

The Wacky Pack Kid's Meal program that C3 creates includes coloring sheets, point-of-purchase materials, online tie-ins, toys, cups and paper bags. These items feature a crew of seven Wacky Pack characters: five children, a dog and the iconic "Tot."

Tater tots are a showcased menu item and considered one of Sonic's "brand treasures," Stanley says. So three years ago, C3 created a set of small, plush, later tot-shaped toys, each with its own personality. This year's set, launched in April, featured 15 different animal-themed Zoo lots, in partnership with the Association of Zoos and Aquariums.

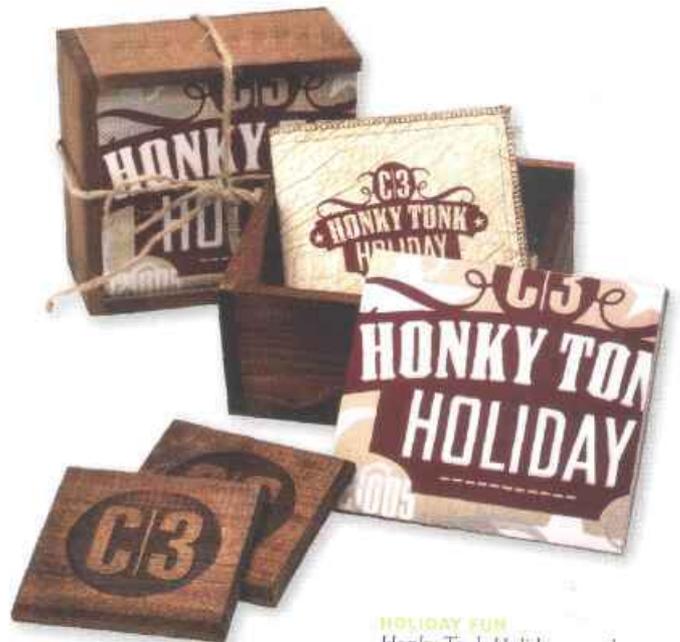
An emphasis on learning and engagement sets Sonic's kid-oriented marketing efforts apart from other



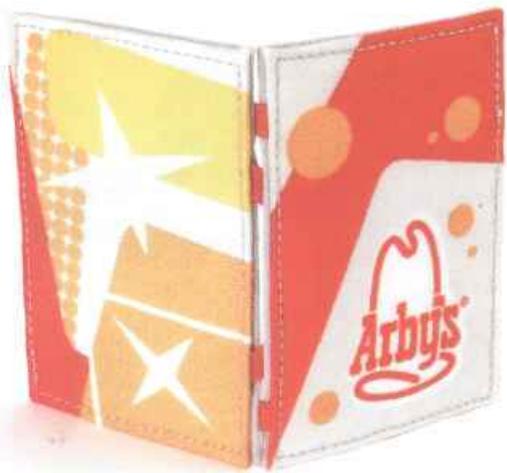
THE C3 LOOK
Using a mix of bold colors and illustrated icons, C3 maintains a consistent yet playful communications palette for its own brand.

COMPREHENSIVE COMMUNICATION

C3 delivers research-based strategies, designs and practices. The firm's branding presentation for Sonic, for example, included three books: Objectives & Strategies (green), External Competition (red) and Tactical Executions (blue). Each person received a set of books in a wooden box engraved with the Sonic logo and a tin coaster set with Sonic magnets designed in sync with the presentation concept.



HOLIDAY FUN
Honky Tonk Holiday was the theme of C3's 2005 holiday party. Each employee and other friends of the company received an invitation to the event, with an agenda placed inside a leather wallet, a CD with Honky Tonk music and two wooden coasters emblazoned with the C3 logo, all packaged in a wooden box wrapped in twine.



As the exclusive kids' partner for Arby's, C3 has invented such *fun and* educational promotions as the Cadabra Magic Wallet and the Air Arby's Glider. The wallet was part of a lineup of magic-themed toys. The Air Arby's Glider was part of a series that included a Disc Launcher, a Dyno-Disc and a Turbo Launcher. The Glider came with stickers so a child could customize and fly his own design.

QSRs, which often rely on tie-ins with movies and other entertainment brands. "Others may do partnerships with licenses. We focus on a program that promotes parent/child interaction, education and fun," Stanley says.

That emphasis marks C3's work as a whole. "Our strategy has been that the kids' programs should promote the clients' brands, not the latest movie," Jordan says. "There's always an exception, but we choose to use the promotional partners' brands to support the clients' story. We just want it to complement the learning content or add to the fun."

C3 and its clients also focus on the importance of parents finding value in the products their children are taking home. "Kids don't drive themselves to the restaurant, so we work hard to create programs that are fun and meaningful to families," says Chris Evans, C3's executive creative director. "The programs have to be on-target, age-appropriate and well-produced."

"We don't want to make junk. We don't want them to throw it out. We want this to have staying power," Stanley says. "When kids want to play with it at home, we know we've been successful."

Another of C3's clients, Louie Kizis, director of marketing for Paradise Bakery & Cafe, elaborates: "When a child takes home the activity book or the cup from our kids program, they're taking our brand home with them. That cup sits in their cabinet, staring them in the face, reminding them about their experience at our restaurant."

Paradise works with C3 to create products that capture the attention of both kids and their parents. Paradise's marketers first noticed a need in the chain's

shopping mall locations. "In a food court atmosphere, we were seeing parents stop at McDonald's to buy a kid's meal and then come into Paradise to buy a meal for themselves," Kizis says. "We wanted them to buy for the entire family."

So C3 created "Parrot Eyes"—pronounced aloud, the phonetic similarity to Paradise is obvious and cute. The children's meal is accompanied by a cup, crayons and activity book. The food and products are packed in a bag that tells a story. "It went over so well. We seldom see McDonald's bags anymore and have seen an increase in kids' meal purchases," Kizis says.

For clients like Paradise, C3 writes, illustrates, produces and distributes all of the kids' program components—everything but the food. A new Parrot Eyes activity book comes out about every nine months. "When we're done with one, they send us another. We review it. We play all the games. We laugh and giggle," Kizis says. "I've been pleased every time for the past five years. It's a wonderful relationship. It's a pleasure to work with a team of very professional yet fun people. I feel like we're friends."

C3 fully develops marketing campaigns for clients (including toys, food packaging and other components), designs the products and oversees their production. In 2000, the company named China-based Merton as its premier vendor partner, "We create programs, not products," says COO/CFO Jami Phillips. "We prefer to be the sole provider for kids' goods and avoid conflicting messages and inventory. It's an integration of marketing and purchasing."



Jordan adds: "We have competitors that may be able to offer lower prices or design a toy, but none that can take it from concept to consumer and touch every stop in between."

Those stops include safety and quality assurance. Phillips explains that it's one thing for a client to say, "I need a kid's cup"—and quite another to understand that the cup must comply with regulations from the Consumer Product Safety Commission and Food & Drug Administration, plus international standards. C3's established protocols not only meet, but often exceed government requirements.

"We don't leave it to chance," Phillips says. "We use independent, third-party testing labs that track and randomly inspect factories for the safety of the workers and the safety of the inventory. They make unannounced visits, select product off the assembly line and test it." Phillips also makes personal visits and invites customers to join her. C3 shares its safety manual and policies with new clients' purchasing, legal and marketing departments.

"The hundreds of awards we've won are not worth anything if we can't get it shipped on time, stored properly or safety tested," Jordan says. "We handle everything so our clients don't have to worry about anything. Most of the time it flows like clockwork. We take care of the day-to-day, but it's the out-of-the-ordinary when we shine."

For example, Jordan remembers a client for which C3 designed a set of plush characters. "A learning-disabled child had collected the whole set, but he lost one and had become distraught. His mother had contacted our client, who contacted us to see if we could

help. Because we manage our own distribution and stock, we were able to go back a few years and gather a complete set. To their surprise, it included several toys the child had missed. We sent a never-been-opened collection to their home. I'm sure they'll be a customer for life."

Evans says the firm spends a tremendous amount of time on research and testing, even given its 20 years of experience in this niche. "We're the experts. We could say that in good conscience, but we don't," he says. "We do the research. We listen. We follow the buying patterns and forecast the trends that inform our design and our clients' programs."

Along with conducting more than 125 focus groups each year, C3 continually reviews industry publications, attends conferences, partners with schools and YMCAs, hosts workshops and learns from employees' own dining experiences. The firm also offers a proprietary research program called Family Attitudes and Motivators. The company and its clients closely protect these studies and their findings, and this research leads to playful, interactive, educational children's programs.

C3 delivers its insights and pitches new marketing campaigns to clients with the same creative approach it employs to create a, new stuffed toy. For example, a recent presentation to marketing executives at Del Taco took the form of a retro hot rod model kit. Housed in a custom box, with a personalized mechanic shirt and a build-your-own hot rod kit, the model took the shape of a Del Rod Roadster, one of the toys C3 proposed for an upcoming marketing program. "We give interactive and tactile presentations.



They're engaging and playful. We know our clients find value and look forward to them," Evans says.

PLAYING WITH THEIR FOOD

Cracking up with clients and channeling your inner 8-year-old self? Sounds like fun. And it is, Jordan says: "The fun stuff is the reward to a high-stress environment that changes every day. The people here are challenged and invigorated by that. It's a young culture, full of energy and passion about what they do, which keeps me young, too."

Evans agrees: "It's a loose, flat culture. Most of us are comic-book and toy fans. The design department isn't designing annual reports or working on a single format all year long. C3 is not an hourly driven profit center where we can only spend X amount of hours on a project. We do good work that propels our customers' brands and that's best for our clients."

Beyond its client projects, C3 hosts employee outings ranging from minor league baseball games to brewer' tours, from tree planting to toy drives. Last year, the company donated more than 6,000 toys, volunteered more than 2,500 hours and raised more than \$12,500 for local and national kid-focused non-profit organizations. Championing both company-wide and individual community involvement, C3 provides matching gifts and paid time off for volunteering. The company also has supported employees' international travel to serve nonprofits in Brazil and Thailand.

But the firm's leadership team knows that standing apart from the competition takes commitment, not just a great work environment. "C3 started by going after the restaurants that the big agencies wouldn't,"

Evans says. "My advice: Focus. Do one thing and try to do it better than anyone else."

That focus appears to be paying off. In the late '90s, C3 reached a record \$20 million in revenue. In 2006, C3 became the exclusive kids' partner for Arby's; that same year, C3 International was established as an affiliate, working in 22 countries. Two years later, the privately held company revealed it earned \$44 million in revenue. In 2009 the firm scored two national ADDYs for its work with Chick-fil-A and a local Best of Show for its Sonic promotions.

This year, C3's domestic revenues are anticipated to dip a little in correlation with the restaurant industry, but Phillips expects the company to remain profitable overall: "We have very intelligent people who understand the impact, financially, of their work for their client and for this company. We listen carefully to determine our customers' needs and add value to their brands."

The firm's business success may stem from savvy partnerships, solid research and strong client relationships—but it also comes from playground rules that any kid would understand. "It starts with our culture first," Jordan says. "You have to believe in it. Stick to your goals. Play fair. Think smart. Have fun."

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To create an engaging experience for the entire family, the firm developed the Wacky Pack Kid's Meal program, which has featured "Flavor Blasters" space-themed toys, the "Soda Pop Derby" metal racing cars befitting "America's Favorite Drive-in," and the iconic "Tot" plush toys with seasonal collectibles like Arachni-Tot.