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Contact: Dina Scherrer dina.scherrer@mecglobal.com +33 (0)1 53 57 64 50



mediaedge:cia

OUR VISION
ON MAJOR
COMMUNICATION
CHALLENGES

ANALYSIS
IMPLICATIONS
OUTLOOK

5 years will hold more change for the advertising industry than the previous 50 did."

IBM Institute for Business Value, The End of Advertising as We Know It, November 2007



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"THERE'S NEVER

been a more exciting time to be in the media business since Gutenberg,"

Steve Ballmer, Microsoft CEO, October 2007



Happy New Year, happy new opportunities and happy new challenges!

Why should we be scared or feel threatened addressing an increasingly empowered consumer with ever-evolving technologies? Steve Ballmer is right when he says: "There's never been a more exciting time to be in the media business since Gutenberg." We have finally come to an age when communication opportunities have no boundaries other than our imagination, and where we can finally truly engage with the consumer.

This new media "ecosystem" brings positive changes and, more importantly, offers engaging solutions, thanks to new approaches in the way advertising is sold, designed, consumed and tracked.

Yet the fundamental purpose of communication strategy remains unchanged: reach the right consumer at the right time in the right place, with enough force to induce action. The only difference today is that there are no limits, everything is media.

With this in mind, our objective in this report is not to produce another top 10 of the latest media trends or devices, which we feel often arouse panic and confusion, aggravated by complicated jargon. We wanted to provide you with in-depth explanations of the three key phenomena that will influence your communication strategies in 2008. Less is more!

Let's pause and explore each phenomenon and its implications inside out in order for all of us to be able to best play with them. Technologies are only platforms, means to an end, but not ends in themselves! They are platforms that can lead brands and consumers on an engaging journey. That's what matters. And that's what's really exciting.

Enjoy your reading,

Blandine Velin-Pillot



Executive Summary

Despite inevitable differences, all markets are affected by profound changes in the media and advertising industry. Technology is the root of these major changes. We identified three key technological phenomena that require specific attention because of their potential to simultaneously revolutionize the use of media and the place of brands within media.

- 1. Reinvigorated by the digital shift, TV is becoming personalized, on demand, participative and interactive. TV is now broadcast in digital mode in over 50% of European households, by cable, satellite, digital terrestrial television (DTT), internet television (IPTV) and soon by mobile phone. The digitization at work has changed traditional broadcasting rules: online video platforms enable people to share and view on-demand videos, while new tools allow them to easily control the time and place of TV viewing. These innovations challenge the GRP metric. They also call into question a system based on a single television, a fixed passive audience and the sole parameters of reach and exposure. Finally, TV advertising is moving towards increased flexibility, content associations, renewed creativity, and cross-platform complementarity.
- 2. Made famous and massively adopted following the stunning success of Facebook, social network sites recorded 373 million users in 20071. Far from being a new phenomenon, they have nonetheless been transformed into websites that promote social links as well as multimedia self-expression. Their impressive takeoff — the number of visitors doubled in 2007 — is due to simplified interfaces, enriched with multiple functionalities. The opportunities for brands to connect with people who spend an average of 20 minutes per day on such sites have multiplied. Beyond the immediate attraction for these communities, the conditions of a relevant brand presence need to be thought out. It is essential to define consistent, participative, and integrated approaches, and to be able to monitor their impact.
- 3. There are 3.5 billion mobile phone users worldwide. Mobile technology has become more sophisticated, opening up to the Internet and TV, integrating new unlimited offers and inter-operator partnerships and, last but not least, creating the conditions for advanced, more creative and monitored advertising. Mobile marketing is set to explode. Although the mobile galaxy is complex and usages are still unfamiliar, the potential of the mobile as a non-stop brand connection and a link to points of purchase undoubtedly makes it a very powerful tool.

These three major trends have a host of consequences for our industry. We looked into what we consider to be the most significant ones.

The measure of brand communications impact has been deeply affected by the arrival of a fully

"We are begining onotice that the new media are not just mechanical gimmicks for creating worlds of illusion, but new languages with new and unique powers of expression."

Marshall McLuhan, 195

accountable digital system.

All media evolving towards digital models, rules and currencies are set to be harmonized to enable cross-media monitoring. The consequent reinvention of media deals can potentially change the "old-new media" balance and encourage partnerships, audience aggregations and buying process automation.

The technological metamorphosis underway calls for new advertising approaches and scenarios.

Engagement is more than ever key: how can it be defined, created, measured, managed and sustained?

Engagement is inconceivable without content. Content becomes the true value of any digital system; it is what triggers the attention that brands crave. The word 'content' today includes advertising messages, product placement, content creation or sponsorship, advergaming, user-generated content promotion, as well as branded platforms and applications. Approaches vary, but requirements are similar: develop unique, relevant and engaging content, in a flexible, long-term, integrated, measured approach. Engagement logic also redefines

brand power — to be the subject's on everyone's lips. Taking into account and participating in consumer conversations is not only facilitated by the explosion of social media, but is also necessary to monitor a brand's reputation. Creating engagement through an approach combining content and conversation exceeds the strict media or advertising universe. To succeed, engagement policies must rely on a cross-cutting vision and management which places itself well beyond commu-

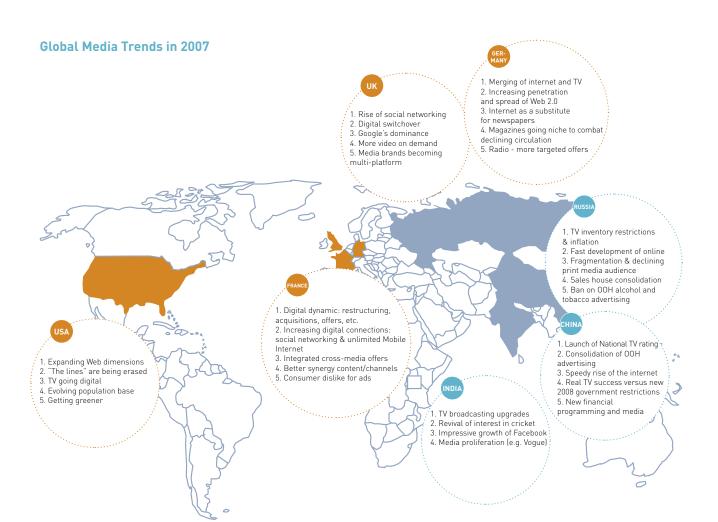
nication silos. The best systems

diverse competencies.

of communication will encompass

approaches and scenarios.

1. "Social media users to exceed one billion by 2012," Strategy Analytics, December 12, 2007.





2007 was the year media technology became the centre of attention in all markets: virtual worlds like Second Life, Web TV and IPTV, Joost, VOD, PVRs (again), social networks like MySpace, Bebo (in the UK), Facebook, the iPhone, smartphones, Nokia Ad Service, Twitter, Wii, advergames, widgets and even 2.0 books.

Technology is at the heart of the changing media scene. Some technologies have a long way to go before they reach mainstream use, while others are already impacting both consumer usage and brand strategies.

Through our work and MEC network research, we have identified a number of trends at work on the media scene in 2007 (see map). Among these, three are key global phenomena that will directly influence communication and advertising investments in 2008.

GroupM forecasts that 2008 Internet ad spending will exceed 10% of global ad investment for the first time ever. Television and Internet are the primary engines of global ad growth (with 50% and 30%, respectively, of additional new investment in 2008) and the main media affected by change.

The shift towards digital television and the explosive growth of social

networks are two of the major trends that we chose to analyze. Mobile marketing, our third focus, is still at the fledgling stage. However, understanding the role of the mobile phone as a marketing medium has become essential in light of the 3.5 billion mobile users recorded worldwide at the end of 2007. From digital TV to the craze for social networks and an upcoming boom in mobile marketing, here is our practical guide to new media realities.

2007 keywords: IPTV Facebook iPhone







Key Global Media Trends

Decoding the shift to digital TV, the rise of social networks and mobile marketing

Digital TV: A Work in Progress

The Reality of Digital TV for Consumers and Advertisers

The audiovisual market is in the middle of a transition, shifting from analogue to digital content, broadcasting and recording. Digital TV is already a reality in some countries that record a huge proportion of online TV viewing and that have ceased broadcasting analogue signals, while the number of households receiving digital TV is growing quickly in other countries.



I. DECODING DIGITAL TV

A short guide to digital television (DTV)

Definition of digital television: Transmission and processing of video signals using digital rather than conventional analogue methods.

Digital TV thus allows for an increased variety of content and channels. Two-way communication also becomes possible, including pay-per-view or video-on-demand services.

But DTV has wider implications

than digital broadcasting: new digital platforms such as Internet and mobile TV are emerging, as well as new online distribution systems and innovative video devices that allow viewers to easily record digital TV programs.



1) Digital broadcasting platforms

Digital satellite and digital cable TV: Cable and satellite
are both switching their signal
to digital, increasing the scope
of available channels.

Digital Terrestrial Television (DTT):

Traditional terrestrial TV, switching to digital. The signal is decoded through a specific set-top box (integrated into plasma TV sets).

Internet TV (IPTV): Digital TV (DTV) via Internet Protocol, in general through combined Internet–phone–TV and even

mobile offers from telecoms
providers (also called triple-play
and quadruple-play offers).
Interactivity is made easily
possible through the Internet.
Those platforms form the base
of DTV market share data so far.

Mobile TV: Standards (such
as DMB [Digital Multimedia
Broadcasting] and DVB-H [Digital
Video Broadcasting - Handheld])
allow handheld devices such
as mobile phones to receive TV
signals, making TV potentially
ubiquitous.

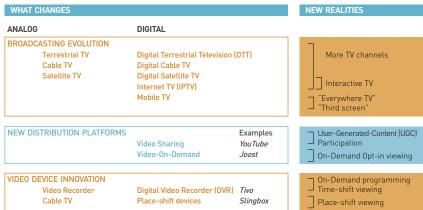
2) Online distribution platforms

Video sharing platforms allow Internet users to generate and share video content (mostly amateur). Epitomized by YouTube.

Video on-demand (VOD) platforms

allow users to view or download video content, mostly professional (TV programs, movies, etc.), on demand, independently of scheduled programming. Large range of players, from TV channels to on-demand video catalogues, Joost (peer-to-peer online distribution), Babelgum (online on-demand TV). etc.

DIGITAL TV EXPLAINED



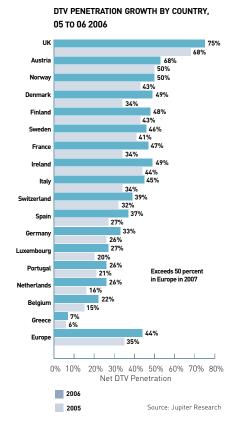


3) Digital video equipment

Digital Video Recorder (DVR):

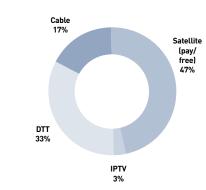
Interactive TV recording device with integrated harddisk. It makes time-shift TV viewing a reality thanks to its "distance recording" and "pause/fast-forward live" (including commercials) functionalities. Consumers increasingly control their TV consumption, disconnected from fixed programmes and viewing times. Sometimes called Personal Video Recorder (PVR) and also known as TiVo (main DVR brand in the US).

Place-shift devices allow video signal or content to be shifted from TV to computer and vice versa. Among the most famous are Slingbox (TV signal and content shifted to computer through Internet connection) and Apple TV (computer content shifted to a TV set). With such devices, video content navigates easily between different platforms.



75% of UK households receive digital television.

DIGITAL HOMES BY PLATFORM IN WESTERN EUROPE



Digital TV adoption in Europe

DTV has become an essential part of the TV landscape and is growing fast, supported by government policies, which have committed to replacing analogue signals by 2012. But the real change is driven by consumers who adopt DTV at a rapid pace, with the UK leading the way.

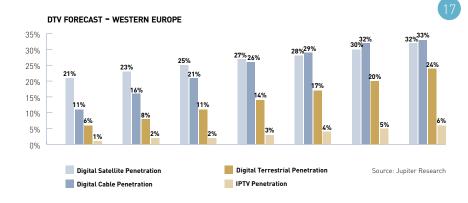
At the end of 2006, 40% of all European TV households were equipped with DTV (versus 32% in 2005), a figure that was expected to reach 50% at the end of 2007².

DTV Forecast – Western Europe

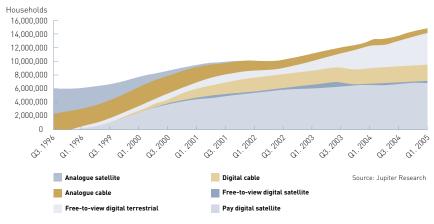
There are huge variations between countries in the speed of digital TV adoption.

The UK is by far the leader in Europe, with 75% of households enjoying digital TV reception.

In contrast, Greece records just 7% of all homes as digital.



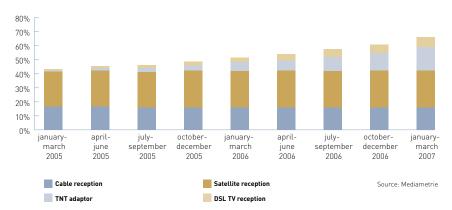
DIGITAL AND MULTICHANNEL PENETRATION OF UK HOUSEHOLDS



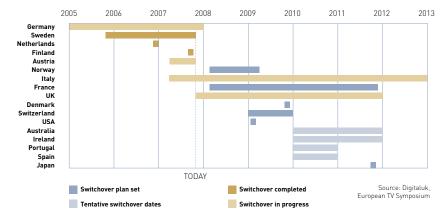
2. Jupiter Research



FRENCH DTT PENETRATION VS OTHER DIGITAL PLATFORMS



INTERNATIONAL DIGITAL SWITCHOVER AGENDA



Netherlands: completed analogue switch-off on 11 December 2006

Sweden: programme finished October 5

Finland: analogue terrestrial switched off 31 August 2007; cable to switch in February 2008

Germany: remain on track to achieve 2008

Italy: Caligari switch 1 March 2007, programme due to be completed by 2012

Norway: will switch off analogue terrestrial by region between spring 2008 and spring 2009

between spring 2008 and spring 2009

France: switchover by region between March 20

and November 2011

Denmark: single switchover date of 1 November 2009

USA: switchover date of 17 Febrary 2009

Australia: have set a target switchover timeframe of 2010-2012

Digital TV: new platforms and devices at different stages of development

Here are the main developments, their levels of adoption and implications.

1) The velvet digital terrestrial television (DTT) revolution

The massive growth of DTV is mainly explained by the boost of DTT, which represents more than one-third of total digital reception³.

Different reasons explain DTT's success: it's free, its coverage is growing, new TV sets include set-top boxes, and government subsidies help.

subsidies help.

DTT's growth is quicker in countries that have a low number of TV channels (fewer than 15), such as France, Spain and Italy.

Adoption will keep growing as some countries have yet to launch their platforms. Other countries, such as Luxemburg and the

3. IP Network, estimate at the end of 2006



Netherlands, switched off their analogue signals in 2006.

The shift to DTT is opening the TV market to new players, diversifying the range of content available for free, and has already started to affect traditional networks' audiences.

2) Is IPTV set to change TV rules in Europe?

IPTV is also growing fast, especially in Europe's Mediterranean nations, where IPTV represents a revenge on four decades of restricted TV consumption with an average of five channels (slow take-off of cable and satellite offers). This is also true on a global scale, where two-thirds of IPTV subscribers in the world are European, making Europe the heart of the development of TV via Internet, and France the biggest market, with 6% penetration at the end of 2006. Market size was expected to have doubled at the end of 2007,

but growth expectations are more moderate than for other digital platforms (3% penetration forecast in the EU at the end of 2008 and only 6% in 2011), due to a late entrance on an already crowded market. IPTV may still represent the future of TV advertising. IPTV holds the promise of next-generation TV delivery, bringing in its DNA the best of both TV and the Internet: living-room access and controlled interactivity.

Its model could potentially make personalized TV ads a reality. The system allows, in theory, real-time viewing behaviour statistics; targeted ads according to preferences, geography, demographics, psychographics, viewing behaviour; limitation of ad frequency; viewer requests for more information, etc. In short, it holds the potential to change the way people view their shows and the way we design advertising.

IPTV SUBSCRIBERS WORLDWIDE, BY REGION, FIRST-HALF 2005, FIRST-HALF 2006 & FIRST-HALF 2007 (THOUSANDS)

	FIRST-HALF 2005	FIRST-HALF 2006	FIRST-HALF 2007
Europe	521	1,505	4,984
Asia-Pacific	612	987	2,176
Americas	267	409	1,069
Other	70	50	n/a**
TOTAL	1,470	2,950	8,229

Note: * Based on trial information and supplier shipments for 2005 & 2006.
** Unnecessary in 2007 as official reporting has increased.
Source: DSL Forum conducted by Point Topic, as cited in press release, 8 October 2007



MOBILE BROADCAST TV SUBSCRIBERS IN SELECTED REGIONS WORLDWIDE, 2012 (MILLIONS)



Source: Datamonitor, "Opportunities in the Mobile Broadcast TV Market, 2006-2012," 30 May 2007

3) Mobile TV set to expand

The penetration of Mobile TV is

currently small, with 1% of online users watching videos on their mobile phones, even though mobile TV adoption varies by region and is more advanced in Asia.

The debate over technological standards, the limited number of available channels on mobile TV networks, the battle of providers (between telecoms and broadcasters) and the search for a valid business model explain the slow take-off.

The mobile TV market nevertheless shows signs of heating up, with trials and deployments accelerating in 2007 and 2008.

The EU Commission has called for adoption of DVB-H standard. Video-optimized handsets such as Apple's iPhone are driving greater adoption of mobile video. Besides, the Euro 2008 and the Olympic Games mid-2008 are expected to speed things up.



First results in Asian markets show that the audience profile is mainly young 'sportsloving' men at first, and the most popular programmes are soap operas and news bulletins. Mobile TV does not only refer to mobile phones. In South Korea, one-third of free terrestrial TV viewers watch it on their phones, while the remaining two-thirds watch it on screens installed in motor vehicles or other portable devices. 2008 will be key in monitoring the next steps and getting more feedback from the first consumer tests.



Specific mobile developments to watch for

- Which viewing pattern will emerge? Live or download?
 Will it be similar in the US, the EU and Asia?
- Will all markets adopt the same broadcasting standard?
- Paid or free model?
 Will advertising be enough to finance infrastructure costs?
- Who will be the main advertising players? Telecoms? Broadcasters? Computing or Internet giants (Apple, Google)?
- What type of audience measurement will develop?
- And, ultimately, how can advertising be integrated and impact brands positively?

4) The online video hit

The rise of online video, led by YouTube, has been spectacular. TV viewers and advertisers have embraced video platforms, and online video became an integral part of the new TV market in just a few months.



YouTube success story

In an extraordinarily short time, YouTube has secured a massive user base — 30 million visitors per month worldwide. It has become both a benchmark and a brand. Its audience outstrips the online audience of all major TV networks in the US and the UK. YouTube is still developing: brands have stepped in, exploring various types of presence. It is also moving beyond the PC (integrated on the iPhone⁴).



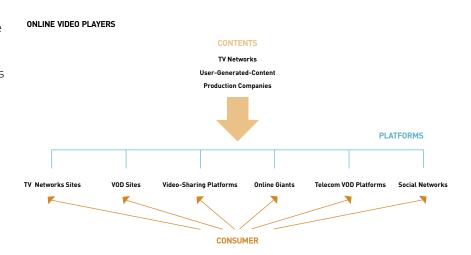
YouTube's success opened the door to similar offers, such as Dailymotion, forced TV broadcasters to react, and further complicated marketers' decisions about where and how to place their message. Online video providers have seen their financial value rise dramatically, with mergers and acquisitions multiplying, even though business models are not mature yet.

Diverse online video players

YouTube may be the clear leader, but it is not the only player.

A growing range of competitors are experimenting with new entertainment and business models.

- TV networks have been both reactive and proactive in making their programmes available online (mainly in the US and the UK), experimenting with different types of platforms and trying to keep control of their content distribution (some escaped from "Google YouTube" and iTunes to launch their own platforms NBC and News Corp launched their own ad-funded video service, Hulu. com, in October 2007).
- **Production companies** are directly linked to consumers through their content, available on VOD platforms.
- Consumers become video content creators by posting their productions on video-sharing websites.
- Video-sharing and VOD
 platforms are pure online video
 players, initiators of most changes
 in the category. YouTube,
 DailyMotion, Joost, Veoh, and
 Babelgum are among the most
 famous.
- Online giants such as Google, Yahoo!, Apple and MSN have also tapped into the online video potential, by offering video-sharing services or by integrating pure players (e.g. Google's acquisition of YouTube in October 2006).
- **Telecom services** offer VOD to their subscribers as part of their combined Internet/ TV/phone



offers (or "triple-play" offers).

• **Social networks** such as MySpace, Facebook and most social websites have included video-sharing applications.

Advertising opportunities

Various opportunities are being explored.

- Simple video posting: Branded videos posted on YouTube, or branded content integrated into VOD offers.
- Participatory video ads: Video advertisements users can initiate, and then rate, comment and share.
- **Sponsorship** of specific site sections or content.
- Contextual-based advertising: Selection of specific environments or topics.
- Behavioural and geo-targeting: Segmentation of users by viewing

behaviour and location.

- Branded channels: Branded spaces on video-sharing sites where brands can create their own programming, customize visual content and drive audiences.
- Banner advertising: traditional banners on video-sharing and VOD sites.
- Opt-in interactive overlays: Interactive, often transparent banners that appear during viewing with very limited interruption.
- **Pre-roll:** Video advertisements or introductory messages preceding the viewing of a video.

Advertising opportunities have multiplied in 2007, although ad spend remains limited: online video advertising represents less than 3% of projected TV spend in 2009⁵.

5. Source: eMarketer.



DVR
penetration
20% in the US
and
15% in the UK.

5) Digital video recorders (DVRs) still in their infancy

DVR penetration has grown up to 20% in the US and 15% in the UK (2006), but remains nascent elsewhere in Europe (4%). It is, however, bound to rise, as a number of factors should encourage wider adoption⁶. In Europe, adoption will continue to rise in 2008 and beyond. It has been essentially initiated by satellite pay-TV operators, whose set-top boxes include DVR options.

Implications for TV consumption habits

The use of DVRs directly affects
TV consumption: viewers watch
less live TV and more recorded
programmes. TV viewing becomes
increasingly time-shifted. In the US,
almost one-third of all programs
are time-shifted⁷ today. Even though
this means the majority of
viewing continues to happen live

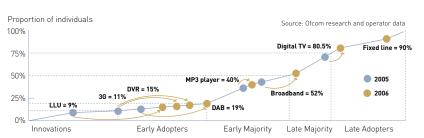
6. Television 2007 key facts, IP Group. - 7. Nielsen Research Study.

(77%), this changes traditional TV audience levels, measured by live viewing.

Most recorded content is qualified as "high quality content" (top series, big entertainment shows) and watched within 24 hours (66%). DVRs are mainly used to enhance the viewing experience (customize, automate and order distant recording, pause live programs, etc.), rather than to specifically avoid commercials: 40% of recorded commercial breaks are still watched without being fast-forwarded. What happened in the US is a good example of how the industry self-adapts to this new deal. As programme ratings are no longer

an accurate indicator for estimating commercial delivery and delayed viewing is increasing. networks needed to get credit for more than live viewing. The shift from programme to commercial ratings took place during the 2007/08 season. Live + 3 day-ratings are now the standard currency for national TV negotiations. Advertisers only pay for the delivered commercial audience; channel flipping and fast-forwarding does not count as viewing. The user-centric essence of DVRs and the implications it has for viewing, audience metrics, TV programming and advertising are real and call for a radically different approach to TV.

DIGITAL COMMUNICATIONS TECHNOLOGIES TAKE-UP, UK, 2006 VS 2005







DTV CONSUMPTION FRAMEWORK

LIMITED CHOICE ON SCHEDULE ON DEMAND

LINEAR BROADCAST

ONE-WAY

FULL SCREEN

WIDER CHOICE

MULTI-STREAM BROADCAST

TWO-WAY

MULTI-PART SCREEN

II. DIGITAL TV **IMPLICATIONS**

TV is not dead yet. But TV as we know it may be on its way out. The new TV market offers freedom of choice in viewing times and places, as well as an infinite programme scope. Split between different platforms, spaces and devices, today's active audiences are increasingly fragmented. This new consumption framework should be considered when designing TV and video campaigns. DTV systems also potentially provide interaction between the end-user and the broadcaster.

Current TV metrics challenged

The way we evaluate TV campaigns is clearly not adapted to new TV time- and place-shifted consumption. TV shows can no longer be measured by who is watching them on TV alone. The teen soap

Gossip Girl with mediocre conventional Nielsen ratings consistently tops, for example, iTunes' weekly most-downloaded-shows list. And the shift from passive to active personalized viewing shows us there is more to TV than reach and exposure. This raises questions about the way TV is measured. So, goodbye GRPs?

In the Netherlands, where DTT has replaced analogue TV, the performance measure has moved from "moment of broadcast" to "the day of broadcast + 6 following days" to solve the problem of time-shift.

The Netherlands, a potential model, also plans to:

- Collect and estimate audience levels of online streaming content as well.
- Consider mobile TV consumption.
- Estimate "group watching" audiences.
- Determine digital samples large

enough to provide accurate data on new channels.

The question of whether GRPs are a currency of the past is serious. TV audience measurements will have to evolve to reflect new TV consumption realities.

TV and video advertising reinvented

TV rather than killing it. Research proves web and TV viewing are complementary today. YouTube can stimulate demand for TV networks. And although conventional TV viewing is being replaced by web viewing, the time spent online far exceeds the reduction in traditional TV viewing, according to Wharton specialists.

Internet is actually reinvigorating

According to a Wharton survey of students at the University of Pennsylvania, time spent viewing programming on the web —

four hours per week — far exceeds the reduction in weekly traditional viewing of about 25 minutes. And overall time spent on network-controlled viewing (TV + TV network sites) increased by 1.5 hours per week. Online videos can even act as free advertising, increasing the number of TV viewers. In this big bang of multiple and complementary delivery services, what will the new face of advertising look like?



"The internet

is like the town plaza.
If we had pretended
the Mentos brand
is more than it is,
we would have gotten
shot down."

Pete Healy, VP Marketing, Perfett

Flexibility

The new EU "Television Without Frontiers Directive" allows more creativity in ad formats. Ads now have to be distinguished from content by optical, acoustic or spatial means only, which legalizes product placement, split screens and new formats. Natural breaks in programmes will also be favoured, contrary to current quantitative rules.

Content

- Video advertising is no longer about the platform. It will be about the content being viewed and how, when and where. This will be an essential question for advertisers and for the business model as well, shifting from linear TV channels to non-linear content companies.
- The focus on content, rather than specific viewing times, will encourage the rise of content

production, co-creation, sponsorship and product placement.

For example, paid product placements nearly doubled in the US in 20078 and will increasingly be an alternative route to traditional commercials.

Video integration

- Video advertising has to include a diversified mix of video channels and platforms, in line with the brand DNA, to act as a coherent video communication activating multiple consumer video touchpoints.
- TV buyers will increasingly be video buyers.

People can download movies or distribute their favorite TV programmes on their PCs' hard drive through their PVR device. Wouldn't it be great if some of that content was yours or featured your brand?

8. GroupM This Year, Next Year. 2008





Relevance

Integration is different from duplication. A specific tone of voice is to be adopted for each context. Brand expression has to leverage different approaches to ensure success on a specific platform. As such, brands that manage to make YouTube a successful tool have adopted specific advertising routes:

- Having fun: adopt the attitude of online video users who connect to have fun. Smirnoff's hip hop 'tea partay' parody of its new 'Raw Tea' flavour made millions of viewers laugh.
- Supporting the fun people are having with your brand.
 For example, Mentos supports consumers playing with 'Diet Coke + Mentos' to trigger geysers.
- Provoke debate and accept the consequences. For example, Dove's Campaign for Real

Beauty aimed to shock and start a debate on the beauty industry's responsibility for girls' self-esteem problems.

Creativity

It will be more than pre-roll, the most used format and the closest to traditional commercials. New formats like interactive contextual overlays, viral and sponsoring approaches will need to be explored to fit with a non-intrusive environment and mentality.

Interaction and participation

Initiatives such as the "red button" on British, Australian and Malaysian remote controls enable viewers to ask for more stories, coverage, games, shopping, etc. when interactive programmes are displayed. These will definitively help develop privileged video conversations.

Dove's "Evolution" video shows

a woman transformed, through makeup, lighting and airbrushing from ordinary to perfect.





Communities and Networks: Explosive Growth

Implications, Opportunities and New Rules

Facebook has been the hottest web phenomenon of the year and has added a serious kick to social networks in general, federating huge loyal audiences. What are social networks all about? Are social networks a revolution in the way people use the web? Is Facebook different from other networks? Fad or future giant? And should your brand care?





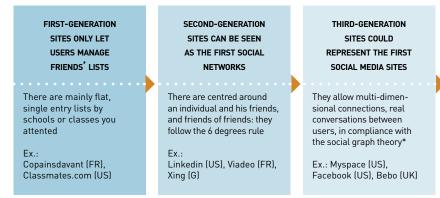
I. DECODING SOCIAL NETWORKS

People have been interacting

Social networking, a revolution?

and sharing with others since the beginning of the web. The social potential of the web has been enlarged by the arrival of blogging platforms, professional networks, social software (video and photo sharing among others), virtual worlds, and online collective games. In fact, social networks became a reality around 2002-2003, as soon as tools allowed users to fill in and manage personalized profiles and organize their friends/relations connections (e.g. Friendster). These were supplemented in 2004-2005 by self-publishing and advanced socializing tools. It marked the birth of social media sites. illustrated by the high degree of

A THREE-STEP TIMELINE



*As put forward by Mark Zuckerberg, founder of Facebook.

self-expression and multi-dimensional connections made possible by MySpace, then further added to with the seductive sense of simplicity and intimacy of Facebook. A three-step timeline (see above) can summarize the way social sites evolved from friends' lists to social networks, to social media sites. The story is far from over. 2007 witnessed the following developments:

- Verticalization and specialization: niche/upscale/by interest/B2B professional networks.
- Blurring of frontiers between professional and private spheres.
- Opening of network applications to outside developers, initiated by Facebook and likely to be amplified by OpenSocial (common applications for any social network supported by Google.)
- Multiple attempts to monetize audience and find advertising opportunities.

Social network characteristics

Different types of social networks and social media sites have reached significant audience levels. Despite their differences, they share the following characteristics: they are personal spaces, connected to other online spaces, where people:

- Express themselves,
 create and share content.
- Communicate and socialize (people searching and linking.)
- Have a sense of belonging to a community.

What actually creates the magic of social networks from a communication point of view is:

- People power: impressive audience.
- Involvement: addictive usageactive and loyal users.

Behind similar attributes, networks differ in terms of functionalities, types of interaction, profile, usage, privacy level and size. Four types of networks can be identified (see below), which include several sub-types according to their size, level of privacy and exclusivity.

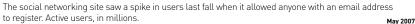
FOUR TYPES OF NETWORKS

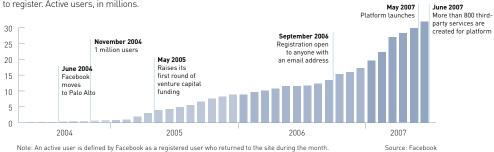






FACEBOOK FANS





Unique visitors sites more

than doubled in 2007.

The Facebook Phenomenon

The most talked about and famous social network was, at first, a quiet digital space for Harvard students in the US. A gated specialized network, trusted and useful, but rather ordinary. Until its 24-year old founder, Mark Zuckerberg, decided to open the site to non-students, and later to unlock the creation of applications to outside developers. Facebook very quickly became a one-stop-shop networking solution with plenty of cool free applications. A successful network was born. Facebook had more than 60 million active users in January 2008, and has been doubling its user base every six months. Microsoft paid \$240 million for a 1.6% stake, valuing the social networking site at a staggering \$15 billion. What is the real impact of Facebook on the social networking phenomenon?

And what is the profile of social networkers?

Users' profile

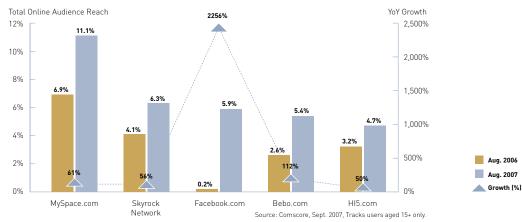
Audience boom

The audiences of social networks have grown dramatically in the space of a year. Unique visitors to social networking sites more than doubled in 2007. Social networks' impressive audiences hold the promise of engaged consumers. But who are they? And how can we qualify their use of social platforms?

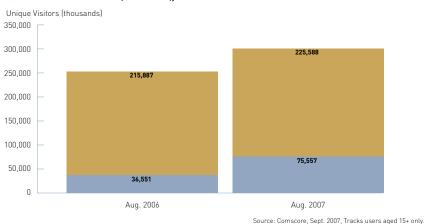
A deep engagement

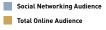
- 20% of Internet users reported visiting a social network like Facebook, MySpace or YouTube within the past 30 days.
- This figure rises to more than one-third (37%) of Internet users in the US who visited a social networking site at least once a month in 2007.

EUROPEAN ONLINE AUDIENCE REACH BY SOCIAL NETWORKING SITE



SOCIAL NETWORKING VISITORS (THOUSANDS), AUG. 06-AUG. 07



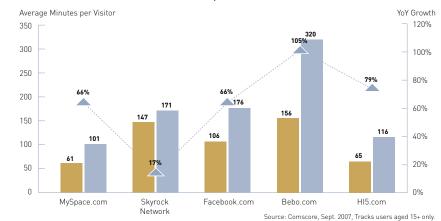


Aug. 2006

Aug. 2007

Growth (%)

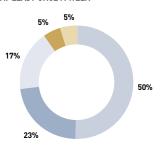
AVERAGE MINUTES PER VISITOR BY SOCIAL NETWORK, AUG. 06-AUG. 07



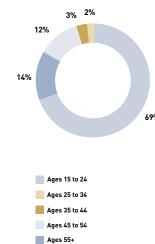




SOCIAL NETWORKERS VISITING SOCIAL NETWORKING SITES AT LEAST ONCE A WEEK



SOCIAL NETWORKERS VISITING SOCIAL NETWORKING SITES DAILY



Source: Jupiter Research 2007

- More than 50% of users visit daily. On Facebook, people spend an average of 20 minutes daily. Many are no longer "trying out": social networking has become a significant part of their digital lifestyle.
- Compared to last year, social networking has become a digital routine.

Consumers are engaging with more than a website. They have embraced a digital lifestyle, spending extraordinary amounts of time designing a proper identity, building digital connections, engaging in digital conversations and using their profiles as a new social currency. But who are they?

Playtime for the young

Younger consumers are the most familiar with new media, which remains true for social network audiences: nearly one-third of users aged 15 to 24 use social networking sites weekly or more frequently.

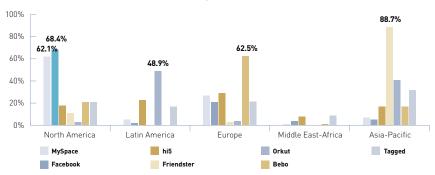
Local differences

The levels of adoption vary across regions:

- Latin America, English-speaking markets and South Korea lead the way for social networking.
- Adoption is more widespread in the UK and the US than in Europe and most other countries.
- Social networking is still an underdeveloped yet booming activity in mature European online markets.

Platform popularity and preference also differ from one country to another.

POPULAR SOCIAL NETWORK USER SHARE BY REGION, JULY 07



To date, Bebo is primarily popular in the UK and Ireland. It looks set to be the fastest-growing social network in the future as it extends its content offering and widens its audience appeal.

Source: Comscore, July 2007, Tracks users aged 15± only







Branded application

II. SOCIAL NETWORK IMPLICATIONS

Socializing, a new must for brands?

Should brands join the movement?

Advertising on social networks can be hype, and "first movers advantage" is attractive. Converting large and growing audiences into significant ad revenue is the challenge for social networking sites. So far, the number of branded initiatives is limited, but some of the biggest marketers could not resist dipping into it. Ad spending on social networks in the US reached \$1.2 billion in 2007 and will nearly double to \$2.2 billion in 2008. How should we consider the arrival of brands on social networks? Is advertising compatible with social networking? And how?

Current advertising opportunities

New York

New ad opportunities are being explored by top social networks, from traditional display to brand pages, widgets, etc.

Data @ 2007-Mal/beg/TeleAtlas

See where all the facebook folks

• Traditional display, banners, flyers (see Jobster).



- Content download, e.g. Burger King joining forces with MySpace to offer free download of "24" episodes.
- Branded applications, widgets, gifts, etc. that consumers can exchange, recommend and integrate into their homepages.
- Sponsorship: sponsored groups, homepage sponsored stories, e.g. Aquafina independent cinema sponsor page.



The trick

of any new media: participate in it, don't just try to use it."

David Meerman Scott, The New Rules of Marketing and PR, Wiley, 2007 • Special interest sub-groups, e.g. Sprite basketball UGC thematic page.

- Traffic generation on brand website.
- Shopping tracking.
- Brands creating their own social tools or networks.

Social networks are rushing to monetize their audiences and advertising opportunities are blossoming. 2008 will undoubtedly bring another series of marketing innovations.

Key success drivers

Advertising on social networks represents both a risk and an opportunity. Each situation calls for a different answer. But in any case, the approach cannot be "traditional." Social network environments are radically different from traditional media.

Forget about tradition

Traditional ways of advertising, intrusive by nature, are not appro-

Facebook

Shopping tracking tool

priate. Social networks are private environments and require developing communication through content or service that is relevant to users.

Ask "how" instead of "where"

The question is definitely not "to be or not to be" on Facebook. It is essential to develop a genuine social strategy leading to appropriate platform selection, rather than merely follow the latest fad.

Ask for permission and take advantage of it

Users are making these networks their own places, building profile pages and customized news feeds that are all about them. Learn from what people are saying and incorporate that insight into marketing and media approaches, just as UK fashion retailer TopShop realized 5% of its website visitors came from MySpace.

Use creative concepts that encourage word-of-mouth and harness brand evangelists to spread messages and recommendations. 30% of frequent social networkers trust their peers' opinions versus

only 10% who trust advertisements.

- Heavy users are not necessarily influencers: only 9% of traditional influential (experts within a particular interest category) and 17% of new influencers (active broadcasters of information on the web) visit social sites daily.
- Contact quality, trust and relevance is required, rather than frequency and impact.
 There is a huge difference between recommendation and spam.
- Is your consumer there?
 Not all demographics spend considerable amounts of time on social networks.

Be in line with your brand values

Clear communication objectives and a good fit between social site context and brand DNA is the basic requirement. Then, how social is your brand?

- 1. Digital representations of brand activities is a route to explore.
- 2. Consider integrating social networking elements into your own website.
- 3. Complementing social networking giants is another path to study.

MTV created its own community,
MTV Think, for socially-conscious
youngsters, a niche with a strong
potential that might be sensitive
to true brand commitment.
That potential is reinforced by:

Big founding partners
 (including the Bill & Melinda
 Gates Foundation).

- Content being able to migrate throughout the Internet.
- Celebrities joining in.
- Promotion in other media.

Design unique campaigns for each site: universe and user types are diverse.

The Dangers of Drug Use Control Market Control Mark

MTV Think

35





Measuring the impact of communication in social media

Tracking and insight are necessary to monitor and optimize brand presence on social networks and ensure a positive brand impact.

Today, measurements are split between technology-based (clicks, visits, etc.) and survey-based (ad acceptance, recognition, impact, etc.) metrics. Both should be combined appropriately.

Traditional metrics available today are linked to:

- Activity (e.g. users, frequency, time spent).
- Geo-socio-demographics.
- Content (e.g. downloads, comments, etc.).

This limited base has to be enriched by measuring:

- Activation (e.g. applications installed).
- Engagement (e.g. link visits to content usage and participation).

- Conversation index (e.g. comment to post ratio).
- Virality (e.g. time to reach maximum distribution).
- Influence (e.g. incoming links to a profile, ratio invitations accepted, etc.).
- Loyalty (e.g. surfing time, content uploaded, etc.).
- Connections (e.g. friends and groups).
- Relevance (e.g. % voice of particular advertiser in the daily feed).

Key additional factors should also be considered:

- Localization.
- Rights.
- Search link.
- Syndication methods (information flux organization).



Upcoming Developments

The recent explosion of MySpace, Facebook and Bebo is only a start. The social networking market is new, experimental and extremely dynamic. Best practices in social networking are far from defined yet. The following developments are expected.

• More openness and interoperability between networks. An OpenID service would let users sign on and easily transfer profile information across social sites, freeing people from having to enter their information each time. The DataPortability Workgroup was launched in January 2008, in addition to Google's OpenSocial initiative, to allow developers and advertisers to use the same technology across many platforms (MySpace, Oracle, hi5, Friendster, LinkedIn, etc.). These developments will enable

a wider presence across social networks. We can easily imagine branded widgets spreading across all networks at once.

 The upcoming months will be full of new advertising opportunities: virtual goods purchase, mobile geo localization, as well as advanced behavioural targeting mining personal data users, raising privacy concerns at the same time.

Facebook will need to be watched after facing a backlash with its Beacon project (which included an automatic feature tracking members' activities elsewhere on the internet and their online spending habits), finally turning it into an opt-in option.

 Capitalizing on social networking activity will not be easy. The boundary between user engagement and brand interests will be a difficult balance to maintain.

- Advertising clutter on social networking websites is bound to increase, as more than 25% marketers plan to use social tactics in 2008.
- Brands will need to stand out without intruding, and to define new communication practices.
 Consumer acceptance will have to be tracked as the share of branded presence increases.
- Low barriers to entry and increasing competition will also lead to geographic and demographic expansion.
- The door will be opened to larger cross-market and cross-network partnerships.
- Global social networking is expected to peak by 2012.



Mobile Marketing: Becoming Reality

Opportunities for Brands, Today and Tomorrow

There were 3.5 billion mobile subscribers worldwide at the end of 2007. Half the planet, and the whole EU population, young and old, rich and poor, have a mobile phone in their pockets, making it the largest mass media ever.

Already a mature communication medium in people's lives, its dimension as a marketing and advertising vehicle is on the rise.

"It feels like the dot-com bubble of the late 1990s — it is in fashion and everybody wants to do it.
But the difference is that we have a business model and the companies behind us have a business model."

Alberto Benbunan Garzon, usiness Development Director



I. DECODING MOBILE MARKETING

The small screen is getting big

Mobile marketing is still years away from maturity, but the mobile is considered a strategic communication platform by a growing number of brands. The range of technical possibilities is expanding. Complementary industries are stepping in. The market structure is evolving. Advertising opportunities are multiplying.

Handsets are getting more and more sophisticated

Optimized phone devices with multiple functionalities have become common and represent most purchases today.

The launch of the iPhone and other smartphones drives consumer adoption of mobile Internet and boosts its development: new

MOBILE BROADCAST TV SUBSCRIBERS IN SELECTED REGIONS WORLDWIDE, 2012 (MILLIONS)

Asia-Pacific		76.3
Europe	42.7	
North America	35.6	

Source: Datamonitor, "Opportunities in the Mobile Broadcast TV Market, 2006-2012," as cited in press release, 30 May 2007



sites, search capabilities and technical possibilities. Their bigger screens open up new horizons for brand expression.

Mobile TV has reached a new stage of development

Mobile broadcast TV subscribers will total 155.6 million worldwide by the end of 2012, up from 4.4 million in June 2007, according to Datamonitor⁹.

The adoption of DVB-H as the single standard by the European Union in July 2007 is expected to accelerate mobile TV's development in Europe. The old continent actually lags well behind Asia.

Mobile media inventories are being built

Mobile inventories are becoming available through mobile sites and the launch of the .mobi domain (for mobile-optimized websites), which brought about the creation of more than 600,000 domain names. Mobile site owners have also reported sold-out ad inventories and are responding by developing further opportunities.

The market structure is changing: new players and acquisitions

Internet giants (Google and Yahoo! leading the way), computer manufacturers (Apple and its iPhone being the best example) and TV broadcasters (getting ready for mobile TV) are entering the market to compete for content and access.

The 2007 acquisitions of Third Screen Media by AOL and Screen-Tonic by Microsoft illustrate the importance now given to mobile advertising by global Internet solution players.

The question of who is going to rule the ad game is far from determined yet. Potential partners of a mobile campaign include ad-

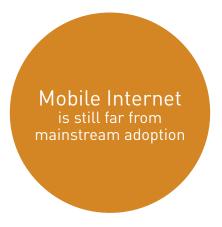
servers that place ads, publishers of web content that help brands design specific content, operators who still control most web access, publish content and own user databases, and even manufacturers like Nokia, which dominates the world's handset market and is building its own ad service.

Mobile players, willing to free consumers?

In any case, they are developing new offers, such as unlimited access to mobile Internet¹⁰, and joint initiatives to open mobile Internet. In December 2007, Verizon Wireless, the leading US mobile carrier announced its plan to support the Google-led Open Handset Alliance (OHA) and its open-source software platform, Android. The ambition of OHA and Android is to seek openness that will allow any phone and any application to be used on any network.

^{9. &}quot;Opportunities in the Mobile Broadcast TV Market, 2006-2012" report, July 2007.

10. In France, SFR paved the way with Illimythics in November 2007 to counter Orange's iPhone offer.



Mobile advertising is increasingly sophisticated

Formats and opportunities are diversifying, from display and search advertising to brand presence during "dead time," SMS and similar technology (tailored push approaches, pull actions through other media, 2D barcodes, visual recognition), and linking the mobile to purchasing through coupons. The technologies enabling relevant data tracking and efficiency measurement are being developed at the same time. For example, in 2008 the M:Metrics ad-tracking service will be able to track, besides display ads, mobile text, search ads, as well as metrics for ad impressions, click-through rates and ad-spending estimates. Two main routes are possible when designing a mobile campaign: offering a specific content (website, one-to-one message, call to action,

coupon, video, etc.) or placing ads within the available mobile spaces and network environment (display, interstitial, sponsored search links, introductory messages, etc.). The content has to be highly specific and adapted to a small screen usage.

So far, successful brand initiatives have been either ultra playful or ultra informational.

A specific mobile search strategy

Challenges to be faced

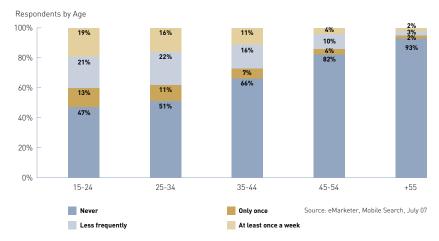
The above developments reveal the potential of mobile marketing. But the mobile advertising market remains nascent so far, as numerous challenges need to be faced.

is highly recommended in parallel.

Standards

There is a strong need for common standards in terms of advertising, monitoring, reporting and technical delivery.

UK ADULT INTERNET USERS WHO SEARCH THE INTERNET VIA MOBILE DEVICE - MARCH-APRIL 07



Usage

The availability of functions and services is not enough to quarantee their actual use. Mobile phones are not the device people typically use to access websites (slow download, difficult navigation, expensive). Only 15% of US online consumers have browsed the Internet on their mobile¹¹ In France, 48% of mobile subscribers have Internet access, but only 16% surf the Internet on their phone¹². Still, the type of use varies dramatically according to the handset (3G and 3G+ make surfing easier) and the user profile. It is common to distinguish three types of mobile phone users that differ by their needs, use patterns and desires¹³.

1) Cellular Generation (18 to 24-year -olds): Young adults who grew up with mobile phones awareness, experiencing them as part of their everyday lives

2) Transitioners (25 to 34-year-olds):
The mobile handset began to
infiltrate their everyday lives
during their teen years and early
adulthood. Both transitioners
and the cellular generation and
are likely to view their phones as
multi-dimensional devices.
3) Adult Adopters (35+ year-olds):

were not exposed to mobile phones until adulthood and tend to have the most functional view of them. The oldest just require the basics of their mobile phones, i.e making calls, and show limited interest in emerging technologies.

According to ComScore Networks, 23% of the cellular generation and 29% of transitioners currently subscribe to mobile Internet versus 13% of adult adopters.

Easier access to mobile Internet

The ability to search for and access mobile web content has been tedious and limited so far¹⁴. Typing a website's URL into a mobile is still rarely user-friendly for people used to computer keyboards.

Google and Microsoft are investigating speech recognition solutions to facilitate the mobile interface.

Privacy and acceptance

These issues remain a potential barrier. The majority of mobile users are not champions of ads on mobile phones, although ad acceptance varies by region: 30% in India versus 9% in the US. Acceptance is conditional. Research shows that ads tend to

Research shows that ads tend to be more easily accepted when the user can opt- in and opt- out, gets something in exchange or, above all, when the message or content is relevant and interesting.

Refined targeting and databases

These will be key conditions to answer both needs for relevance and acceptance. Existing mobile network databases rarely deliver the ability to efficiently connect with specific targets. Brand databases, when available, may be safer options.

Lack of monitoring data

There is still a lack of knowledge on levels of ad spend, mobile site traffic and audiences, efficient campaigns and benchmarks.



^{11.} Jupiter Research - 12. Ipsos Media, January 2008 - 13. ComScore Networks, February 2007 - 14. Studies show that 75% of mobile searchers are not willing to browse beyond the second page of search results (and the first result page shows six items at most).

TOKYO UBIQUITOUS TECHNOLOGY PROJECT IN GINZA





The power of mobile unveiled

Whether mobile has genuine potential in terms of impact and efficiency clearly depends on specific marketing issues. But, for any mobile campaign, four key principles should be kept in mind in order to unlock the full power of the mobile as an efficient marketing tool.

"Whenever, wherever" brand link

The mobile as a communication tool extends the range of connection points. Brands can potentially connect with consumers in places and moments that are more tailored than ever and impossible to imagine until now (on the go, in the consumer's bag or pocket; at a specific location; in contexts virgin of brands; and on a specific day, during a specific week or at a specific time).

A "sell-phone" connection

As a medium, the mobile provides a direct and personal connection between a brand and its audience and has the potential to link communication and purchase. The city of Tokyo understood sell-phone potential. With the Tokyo Ubiquitous Technology *Project* in Ginza, shoppers in the area can enter what they want, into their mobile, which in return suggests a specific pathway with new products and tailored offers.

Mobile as communication glue

Mobile is not just a media channel and does not need to be the lead medium. Rather, it is the glue that integrates a medium and marketing strategy, from pointof-sale (POS) and packaging to outdoor, print and TV, and even buzz and PR. Traditional touch points and mobile approaches have to be aligned.



Consumers as the necessary starting point

A winning mobile strategy should link consumer need, consumer permission, user experience and response learning.

The primary question is:

"Do I have the right database to efficiently target my consumers?" Earning permission is not enough. A mobile campaign has to be very accurately targeted and relevant. Then, campaign testing and response tracking are critical.

Brands and mobile marketing tomorrow

The following developments are expected:

- Opening of mobile Internet and applications: end of market walls and new players.
- Improved search: towards voice adoption?
- Mobile Internet adoption of unlimited offers and advanced

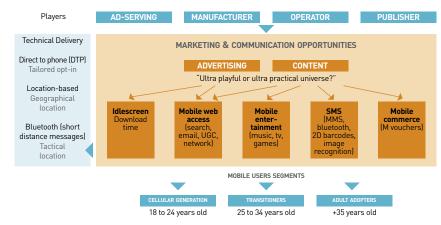
interfaces (such as iPhone) will accelerate adoption and enable mobile social networking.

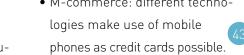
- Mobile TV: already a reality in some countries (see page 20).
- Unified communication tools and single phone number: moving forward to full commu-

nication convergence between all voice communication channels.

- GPS integration: phones soon becoming a geo-localized experience.
- M-commerce: different technologies make use of mobile phones as credit cards possible.

OVERVIEW OF THE MOBILE MARKETING SCENE











New Ecosystem, New Strategies

The arrival of digital TV, social networks, and mobile marketing within our media ecosystem challenges media rules and reshapes advertising scenarios, forcing us to think anew.

It is high time we reconsidered the value of consumers' time, feelings and conversations.

We need to re-engage viewers and maximize or extend the time our audiences spend in the company of brands. This implies a mental shift from exposure to engagement. But how do we engage instead of interrupt?

How do we define and measure engagement?

And what has to be developed to connect with consumers?
What attitude has to be adopted?
Technology brings change. It also brings solutions. The media and advertising industry has never been closer to achieving what it has never ceased to hope for,

be it holistic measurement, the ability to produce content or to listen to consumers. All of these are now either possible or will be soon. Shouldn't we all be rejoicing and above all taking advantage of these great opportunities? The following chapter provides some guidelines on how to make the most of communication from 2008 on.

Reinventing Media Measurement

New Data, New Vendors, New Currencies

How should we be measuring brand communication impact to reflect the profound changes that have affected the media scene? This is a crucial issue, as well a real challenge for the entire industry today.

> "Today's marketing model is broken. We're applying antiquated thinking and work systems to a new world of possibilities."

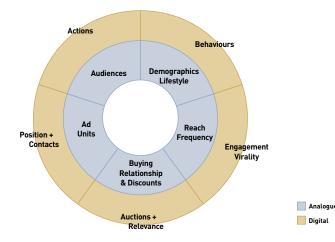
> > Jim Stengel, P&G USA, 2006

DIGITAL EFFICIENCY DISRUPTION

The first digital platform, Internet, has changed the way ads are sold, as well as expectations on the return of ad dollars. A more complex yet more complete and accountable system has been built. Internet practices have set the base for digital media deals. With all media turning digital, implications announce changes for all players, on and offline.

The quest for holistic measurement soon to be over?

Traditional media reorganize their metrics and research in the light of Internet achievements to face new issues of fragmentation, time and place shifting, scarcity of attention and increasing number of cross-media offers. The increasing number of ad vehicles, the changing nature of media usage, the emergence of



new content/providers/ad models. the need to measure engagement instead of exposure, as well as the need to assess the performance of multi-media campaigns call for new media research approaches. Today, Internet effectiveness is isolated from other media effects. Causal effects are established between clicks and purchases while forgetting the impact of other media. The question is therefore: "Is Internet effectiveness over-evaluated?" An integrated metric could reevaluate the place, strength and combined effects of the different media.

The need for cross-media, consumer-centric measures

- Single source data is the only possible route to make apples and pears, GRPs and clickthrough rates comparable.
- Most research innovations are focused on developing systems that

allow cross-media comparisons.

- A measurement system focused on the consumer rather than specific media features is required.
 New consumer-centric
- New consumer-centric measurements and insights will emerge. With surveys digging into "days in the life of" consumers and drawing the structure of their all-daylong media consumption, it is going to be possible to more accurately measure what consumers do, what they value and what they pay attention to.
- One of the latest developments is behavioural targeting: tracking people's online behaviours to target ads most likely to favour conversion.
- Last but not least, when speaking of consumer-focused research, very large samples will have to be considered to meet the challenge of frag-

- mentation and to accurately identify overlaps between different media.
- And the integration of purchase data will also enable communication effectiveness and ROI to be assessed.

The Apollo Project: a solution?

Single-source data is what most advertising researchers hope for. The Apollo Project has begun to deliver these in the US.
The Apollo Project is backed by Arbitron and Nielsen and sponsored by US marketing giants (P&G, Kraft, Pfizer, SC Johnson, Pepsi-Cola, Unilever and Wal-Mart) and their advertising agencies.
Its mission is to collect and connect three types of data

Its mission is to collect and connect three types of data via a single source: multimedia message exposure, brand recognition and preference, and actual purchase behaviour.

Two-thirds

of advertising executives polled by IBM in 2007 expect 20% of advertising revenue to shift from impression-based to impact-based formats within three years.

The Apollo Project employs state-of-the-art research technologies, including the Portable People Meter, a mobile-phone-sized device that automatically and continuously records the consumer's exposure to electronic media, and the Homescan® scanner, which allows panelists to quickly and easily record on an ongoing basis all packaged goods purchased. The main Apollo promises are:

- Better targeting: the depth
 of data enables media planning
 for targets that reflect purchasing
 behaviour rather than just
 demographics.
- Budget allocation: redistribute media buying according to purchases and mashups of media consumption.
- Link media to buying behaviours: media impact on current buyers and brand switchers.
- Exposure to multimedia and synergy.

Obviously, full integration is hard to achieve as all current separated buying processes are different. But the initial results of combined audience and consumption figures, adding print media and Internet or TV and Internet, already give us an overview of what better harmonization of media measures could bring to media planning. Also, faced with decreasing traditional media audiences, we have to integrate niche connection points and different types of audience. We should definitely be thinking in terms of audience aggregation.

Proven media complementarity

Cross-media effects – TV and search are complementary

There is now growing recognition that offline advertising (particularly TV) stimulates consumers to search advertised products or services online (via search engines such as Google).



Google demonstrated a direct correlation between TV advertising activity and consumer search behaviour.

Other advances

Cross-media efficiency metrics are still in their infancy. However, as 2007 saw most media owners create cross-media structures, 2008 should be the year of cross-media guidelines and best practices.

We should also see more cross-media and single-source initiatives in mature markets. The management of thematic content across different media contexts and the development of new tools to ensure relationships between content and brand values could complete the range of innovations.

The number and scope of multiplatform deals is set to grow, even though they only account for around 10% of agency buying in a mature market like France.
Innovation will not only concern
cross-media audience data.
ROI methods are bound to evolve
as well.

Full ROI potential is not totally exploited today as it only focuses on short-term forecasts and does not include all communication activities (new media, sponsoring and events).

The data challenge

The biggest hurdle for the deployment of single-source data has always been the lack of tools for processing the data.
But the scope and accuracy of collected data can today be increased by automated processes and technologies such as GPS and Portable People Meters (PPM).

Therefore, the challenge with huge databases is to turn data into information that can then deliver business results while also being able to use these findings to inform the media planning cycle. Privacy requirements must be respected throughout this process.

Are we ready to process the torrent of IP data that doubled in 2007? And are we able to turn this sea of data into valuable information?

Some companies have already recruited new profiles called Chief Data Officers, or CDOs.

Qualitative insight will also be essential to expand and explain quantitative findings.

The TV industry is already invest-

ing in ethno-like research to really watch people in front of their TV sets.

Implications for advertisers:

- Need to reorganize data.
- Integrated structures.
- Increased data storage required.

In Love with Content

Content, The Ultimate Value-Added?

Brands have always dreamt of being able to create content other than traditional ad messages. Now that their dream has come true, why miss the boat?

"Once upon a time, content was content, an ad was an ad and the audience was passive.

No more.
The lines are blurring."

Mark Sigal, Co-founder and CEO, vSocial online video networking site

FROM CONTEXT TO CONTENT-BASED COMMUNICATION

One of the consequences of the digitization of media is to disconnect content from context. Content becomes the point of attraction while the context, medium or device moves to the background. Brands wanting to emerge in this new economy also have to play the game of "content first." Is it a revolution? Brands have always produced content in a way. It was called advertising content focused on brands and their offers. But now that content is required to engage consumers, the rules are changing: from brandcentric approaches to consumer enthusiasm, from interruption to

attraction.



What is content?

The general meaning of content first refers to media content: mainly text and image publishing, image and sound broadcasting. However, as the range of communication tools and routes diversifies, so does the meaning of the word "content."

Today, content encompasses:

- 1. Advertising (including product placement): content as context.
- 2. Multi-media content: content as story.
- 3. UGC (User-Generated-Content): content as participation.
- 4. Games and Events: content as experience.
- 5. Platforms and Applications:content as service.How does the new scope of

cations?

The new attitudes of brands

If content is a requirement, brands can play the content game at different levels, by being:

- Entertainment creators, with branded entertainment and applications.
- Content aggregators, by federating users' content.
- Content partners, with embedded advertising or by sponsoring entertainment, consumer communities and applications.
 Creating specific branded content is not the only route to take.
 Spending on sponsorship is growing at a faster rate than traditional advertising¹⁵. By 2012, up to 25% of entertainment will have been created, edited and shared within peer groups, rather than coming out of traditional media groups.
- Will consumers be happy to opt in to entertaining fiction-like ads

Questions to be answered:



Stephen Kinne, KPMG, The Impact of Digitalization, 2007

or would they rather participate?

 Will your consumers pay attention and opt for branded entertainment when there are so many types of entertainment out there?

The content manifesto

This new attention to content and the new attitudes to adopt impact brand communication schemes to different degrees.

Strong content value

It is the only way to emerge in a context of proliferating content and of shorter attention spans.

Content development or association has to be focused on bringing strong value, i.e being original, fun or exclusive, and on meeting consumer expectations.

Relevance and resonance

- The only drivers of interest and engagement, the ground on which a content strategy has to be built.
- Today, too much branded content ignores consumer needs and aspirations, to

- consumers' annoyance and brands' despair.
- Content must be relevant to the brand and completely resonant with the audience, in terms of content as well as context.

Content management

In a digital context, content works as a flux and changes shapes. Its versatility requires specific content management systems.

Flexible branding

- In the era of consumer participation, users remix or recycle content. Corporate boundaries are being pushed. Flexibility is needed.
- Content development has to be associated with brand monitoring, rather than tight control.

Long-term prevails

Content commitment is a long-term investment. Brand presence associated with content is potentially more powerful than traditional interruptive advertising, but needs

time to build and ensure brand association.

Effectiveness measurement

By making sure relevance, resonance and coherence are optimal and positively impact the brand investment over the long term, measuring the effectiveness of any content strategy will be strategically critical.

Integrated approach

- Adopting a content strategy does not mean abandoning traditional communication approaches.
 Rather, it is about enriching and deepening existing practices.
- Each communication channel will have to serve the content strategy in order to increase visibility and connect with the largest possible audience. Traditional media, PR and WOM tactics can act as awareness drivers; Internet is able, among other things, to aggregate large audiences and stimulate conversations.



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The Conversation Era

Urgency and Solutions

Firsthand qualitative consumer insights have never been easier to access. The whole issue has become being able to take advantage of that new knowledge and taking part in ongoing conversations.

"Once engagement takes hold of marketing, marketing messages will become conversations, and dollars will shift to customer understanding."

Brian Haven, Senior Analystee Forcester Research

CONSUMER POWER

One of the most decisive influences has always taken place before purchase: word of mouth, i.e people talking to people, recommending a product. Discussions have always had the ultimate power to eventually annihilate all other marketing efforts. But their impact up to now has been limited to the size of a person's peer group. Internet has profoundly transformed and accelerated information sharing, while the size of peer groups is expanding, including "Facebook friends," bloggers, product reviewers, strangers in chatrooms and YouTube DIY video producers. As a result, people are infinitely better informed about prices, availability, quality, service and potential satisfaction before purchase. And what they see, hear and share online

strongly influences their purchase pathways.

Leading brands are not the ones talking about themselves anymore, but the ones that people are and will be talking about.

At the same time, the rise of social media and their ability to create interaction with massive audiences is an opportunity for brands, as real-time consumer feedback and dialogue are made possible. But how should brands participate and respond?

Embracing conversational marketing

Conversational marketing describes the way brands interact with their customers online.

It includes the ability to collect what customers say, to process that information and, ideally, to respond to consumers in a way that is meaningful to them and likely to evoke a response.

16. Joseph Jaffe, Join the Conversation, Wiley, 2007.

Conversations can be used

in two ways to impact brandimage and final purchase intention.

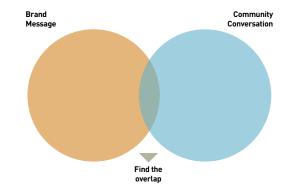
- 1. Tactical: Listen carefully to bring about some change in communication or even product development.
- Listening and e-reputation management.
- 2. Active: Engage in the conversation, answer and anticipate people's questions and concerns.
- → Participation

Brands need to capitalize on trust and positive opinions, mitigate negative ones and stimulate buzz. They can also work on aligning their practices with their customers' expectations to positively impact their perception.

Conversational marketing is much more than a concept. By 2012, 81% of US marketers will spend at least as much on conversational marketing as on traditional marketing 16.



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E-reputation management

Anyone can talk about any company and say anything. Brands simply cannot ignore what people are saying when trust, values and potentially business are at stake. Listening to online conversations is now necessary to protect and monitor brand reputation. Consumers' feelings, beliefs and immediate feedback are available. Brands should not miss this opportunity. Direct, unfiltered and honest online discussions are a mine of information and insight to fuel brand strategies, their understanding of competition

Different tools using crawlers and metasearch engines are available to track online conversations in three steps:

and their own image.

1. Mapping the most active and relevant informal web spaces and listing keywords, themes and

websites to track.

- 2. Collecting and analyzing online conversations.
- 3. Evaluating their impact.
 The cost of monitoring projects
 is usually based on the volume
 of conversations, the frequency
 of reports and the number of
 countries and languages covered.

Participation

The way to actively use conversations is to take part in them.

This is a precious opportunity as well as a very sensitive area, to be handled with care.

The crucial point is to identify the overlap between a brand message and a community conversation.

Finding this overlap is a prerequisite for transparent, relevant interaction, with the potential to influence both consumers' perception and the brand business.



Conversation Rules

Efficient conversational marketing has to ring true:

- Speak frankly.
- Be ready for criticism.
- Share.

The idea is not to reinvent the fundamental theories of branding, but rather the process by which we go about creating, building and reinforcing brand messages. Conversational marketing can help brands reinvent themselves and make consumers feel special and valued. It has the power to make people start conversations about brands — conversations that generate considerable buzz and influence.

"Looking at the media usage of our consumers and having the ability to use interactive tools to have a dialogue with them, we are simply taking the next step by initiating a conversation and giving our consumers an open invitation for self-expression."

Hermann Deininger, Chief Marketing Officer Adidas Sport Style division, about their 'Celebrate Originality'campaign.



CONCLUSION

"My starting point is that pretty much everything communicates," says Charlie Hiscocks, Group Brand Communications Director at SABMiller.

This assumption calls for the adoption of a multidisciplinary vision beyond communication silos, beyond the split between advertising and media, below and above the line, digital and traditional media.

Our conviction is that the way forward is an all-inclusive communication attitude, embracing "old" and "new" areas of expertise, with no boundaries.

Players will explore new areas, face new challenges and learn new languages. Dialogue will be required to gain acceptance. Values and ideas will be the roots and wings of our expanded territory and common currencies

The future is definitely exciting!

will become inevitable to facilitate trade.



mediaedge:cia

About Mediaedge:cia

Mediaedge:cia (MEC) is the first global communications planning and implementation agency. MEC gets consumers actively engaged with its clients' brands leading to relevant awareness, deeper relationships and stronger sales. MEC services include consumer insight and ROI, communications planning, media planning and buying, interaction (digital, direct, search), retail consultancy, content creation, strategic alliances.

MEC's 4,000 highly talented and motivated people work with local, regional and global clients from 220 offices in 76 countries. MEC is a founding partner of GroupM, WPP's media investment management group.

Global Solutions: A dedicated network of communication specialists, managing multinational business through 10 hubs based in Paris, Düsseldorf, Hong Kong, London, Miami, Milan, New York, San Francisco, Singapore and Stockholm. Global Solutions relies on a core team of experienced global client leaders who have also had extensive local experience. Their cross-market approach enables Global Solutions teams to deliver consistent service and economies of scale, and to adapt to each client's organisational, strategic and reporting needs. In Paris, Global Solutions' team is made up of 20 international experts, from senior business directors to senior strategic planners. It manages internationally Chanel, Remy Cointreau, Ubisoft, Colgate-Palmolive, Michelin Group, Bourjois, Eres, Monster.com.

For further information, visit www.mecglobal.com