

THE NEXT REPORT

Predictions on the future of consumer contact from the SMG experts shaping that future

BROADBAND WILL CREATE THE NEW COMMERCIAL

(Chris Boothe, Starcom USA)

As the industry got its feet wet in the broadband space, the vast majority of spending was dedicated to extending the reach of existing :30 television creative into re-purposed, already televised news, sports, and entertainment video clips. Now that advertisers are becoming more savvy in broadband and content is more readily available, customization is going to become more prevalent. **Clients will produce more customized video creative specifically for the broadband space.** As advertisers begin to take advantage of copy length flexibility, questions about ideal length will finally be answered. In addition, sites will offer more customized sponsorships that tailor content to an advertiser's objectives, rather than selling :30 spots on an ROS basis. Though malleability of contact is crucial, it will have to be complemented by substantive proof of its effectiveness. **Measurement will become imperative** as we move to a mixture of the outcome-driven (engagement, change in purchase intent, leads, sales, store traffic) and input-driven (cpm, reach, frequency, percent of total impressions), which combine internet and television metrics to develop a new nomenclature of metrics.

AD CONTENT WILL MAKE THINGS PERSONAL

(Dan Buczaczer, Reverb)

The rise of blogs has already left plenty of advertisers scratching their heads about whether to get involved and, if so, how to approach the space. While marketers debate how to approach the blogosphere, consumers have started experimenting with video logs (vlogs), RSS feeds and podcasts as ways to acquire the content they are interested in. Each represents an opportunity for individuals to release their own content quickly and easily. Everyone knew media was moving from mass to fragmented niches; perhaps less expected was how **much of the blog content available will be citizen-generated** as people realized they need nothing more than a laptop to spread their message. Fragmentation suddenly feels like an easy issue to tackle compared to the challenge of marketing in spaces that feel increasingly personal.

AGENCIES WILL PUSH PROGRAMMING DEVELOPMENT

(Brian Terkelsen, MediaVest Entertainment)

Increasingly, original programming will be brokered directly between media agencies on behalf of marketers, and producers. Selling is no longer exclusive to networks; producers are working more collaboratively with media agencies to produce advertiser supported content; marketers are proactively seeking new ideas to connect with consumers through branded entertainment and original programming platforms; and networks are seeking to protect revenue streams based on traditional broadcast buying models. With these trends come a challenge to the traditional practices of the selling and buying of broadcast commercial space and the once clear-cut roles of media agencies, producers and networks are becoming blurred.



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HISPANIC MEDIA WILL THRIVE VIA DIGITAL OPPORTUNITIES

(Monica Gadsby, Tapestry)

By 2010, it's predicted that all U.S. cable access will digitally increase the number of channel choices available to consumers and allow for new networks catering to Hispanic interests to flourish. The digitalization of cable should produce specific programming geared to Hispanics of different countries of origin, more vertically integrated options with unique Hispanic flavor and an end to the heated debate about Spanish versus English. **Today, 20 or so networks target Hispanics on digital cable; we expect their number will grow five-fold in the next 10 years.**

GAMING WILL BECOME A PRIME ONLINE SOCIAL SPACE

(Tim Harris, Play)

Gaming is a socially engaging and competitive activity that naturally generates moments of intense emotion and interaction between players. Given this fact, it's no wonder the gaming industry is quickly making the move into "connected space." Gaming consoles and handhelds will increasingly be connected to broadband networks in order to enable multi-player match-ups in everyone's favorite games. **In turn, the onset of digitally distributed game content will become increasingly mainstream,** enabling far more than is available today. The move into connected space will open up a world of new marketing opportunities, including:

- Huge, season-long tournaments and fantasy play uniting friends as ongoing gaming groups.
- On-demand episodic gaming "programming" will be released for games already released.

Imagine underwritten gaming content, bringing together audiences for "virtual events" and the creation of marketer-specific gaming experiences within the most popular games.

MOBILE MARKETING WILL MAKE CONSUMERS RAISE THEIR HANDS

(Courtney Acuff, SMG Digits)

There is no crystal ball for understanding the thumb-driven culture. However, what we know today is that understanding what moves the thumbs of mobile consumers is about understanding the personal media experience. The emerging mobile video space is a realization of the "era of visual engagement." Consumers now have a screen that can deliver desired content and applications in a most personal fashion, anywhere and anytime. Opportunities for marketers will come in the form of uniquely conceived ideas, not off-the-shelf solutions that many in the field shop to agency after agency. **The goal will be to create a dialogue between self-selected hand raisers and marketers—not to recreate online ad serving models.**

VIDEO DIDN'T KILL THE RADIO STAR, BUT AD EXCESS MIGHT KILL THE RADIO AUDIENCE

(Maribeth Papuga, MediaVest USA)

And you thought the TV ad model is under attack? The traditional radio industry faces its own challenges as listeners discover alternatives ranging from satellite radio to mp3 players. One radio giant is taking a step to stop the bleeding. Clear Channel just launched its "Less Is More" initiative to address the unrest among its core constituencies: listeners who are growing dissatisfied with its commercials-to-content ratio, advertisers who worry that their messages were getting lost in the clutter and Wall Street types who want to see profitable growth. With fewer ads to sell, Clear Channel is charging a premium for certain spots. The premise is that with fewer ads, each ad will have a greater impact. While initial research looks promising, skepticism still prevails among advertisers who want to avoid paying more for less. **Ultimately, the Clear Channel experiment today will determine standard commercial inventory tomorrow.**



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DRTV WILL PENETRATE CONSUMER CONSCIOUSNESS

(Rob Schmidt, Halogen)

Smart marketers engage consumers in meaningful dialogue to make products more relevant and to promote loyalty. Consumers interested in your product will raise their hand if your message is relevant to them, and DRTV enables us to find these consumers in an efficient manner. We will continue to see traditional marketers turn to DRTV to open this dialogue and bring a higher level of accountability to their media communications. **Future DRTV campaigns will be more consistent with brand positions, as consumers don't differentiate between a DRTV campaign and a branding campaign;** both exposures occupy the same space in the consumer's mind.

SMALLER CLIENTS WILL ACCESS BIGGER RESOURCES

(Scott Neslund, StarLink)

Media consolidation is tapering off, and the advertising holding company consolidation seems to have run its course. In the end, there's still tremendous need for good ideas coming from very small companies with people with a passion for business. Growth in the US will proliferate among small to midsize businesses, and **opportunities for business partnerships will arise when big agencies offer their resources and clout to smaller clients currently lacking those resources.** Think about it: a nation where roughly half of all media spending is not currently resting with the big ten media agencies, and most midsize brands have media plans executed by their smaller creative shops. Then imagine the creativity that would flourish when those clients—or those entire creative agencies—are offered access to big agency optimization and accountability. Big ideas.

THE NEXT MAGAZINE STARS WILL BE CELEBS AND SHOPPING

(Robin Steinberg, media Vest USA)

The print market may have taken a beating but we haven't been beaten. Despite overall declines in past years, consumers have shown they will respond to content that resonates with them. The prime example: explosive growth in the celebrity category. Once there was People, but now there are US Weekly, In Touch, Star and—most recently—Bauer's Life & Style. Initially there was concern that the market could not sustain all these titles, but a recent study showed that consumers are buying celebrity magazines in pairs, the most popular combination being In Touch and US Weekly. This is good news considering three more titles are expected to launch in 2005. **The next hot category will be shopping magazines—for men, women, the home, even babies.** The beauty of the retail category? Accountability.

YELLOW PAGES OWNERSHIP SHIFTS WILL EVOLVE DIRECTORY CONTACT

(Kathleen DeCaire-Aden, SMG Directory Marketing)

Shades of yellow have been catching the eye of private equity groups and other buyers. Recently, several telecommunications companies have participated in multi-million dollar sales of their Yellow pages operations. The Yellow pages offer its owners an operation with steady revenues and high margins. The medium has all of the right components for advertisers - ROI and measurement - revenue-generating value for small and large businesses alike. Private equity firms and other buyers will influence the directory space and incumbents will be increasingly pressured by independent publishers, causing them to invest more in the product. **This will sustain Yellow pages as a key source of information for the consumer, and lead to better products in the print and online medium when they are ready to buy.**

