Changing CHANNELS 70|20|10

DIGITAL & MEDIA PREDICTIONS 2013

Millward Brown's Global Futures Group brings you the hottest trends for the New Year

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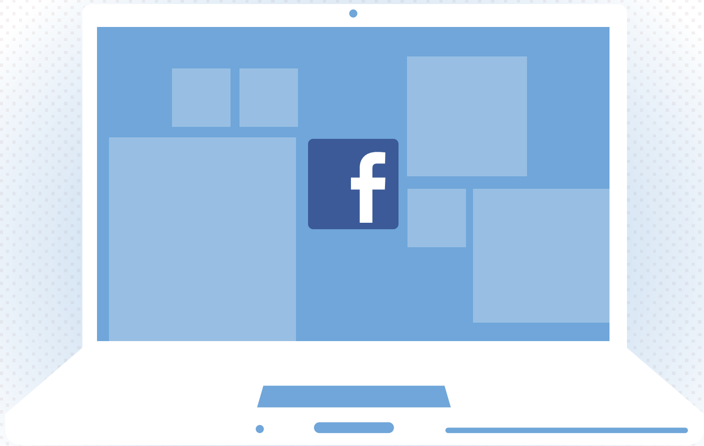
01 FACEBOOK'S MONETIZATION DRIVE WILL PROVIDE NEW, RICHER ADVERTISING OPPORTUNITIES FOR BRANDS



The Facebook newsfeeds we will see at the end of next year will look very different from the ones we see now. We will see the rise of bigger, bolder, more interactive – and intrusive – Facebook advertisements in 2013.

It was only a matter of time before Facebook sought to monetize and justify its massive valuation. The drive for effective and revenue-generating advertising will draw on its powerful social ecosystem, pushing the creative formats and placements far away from the ads we see today.

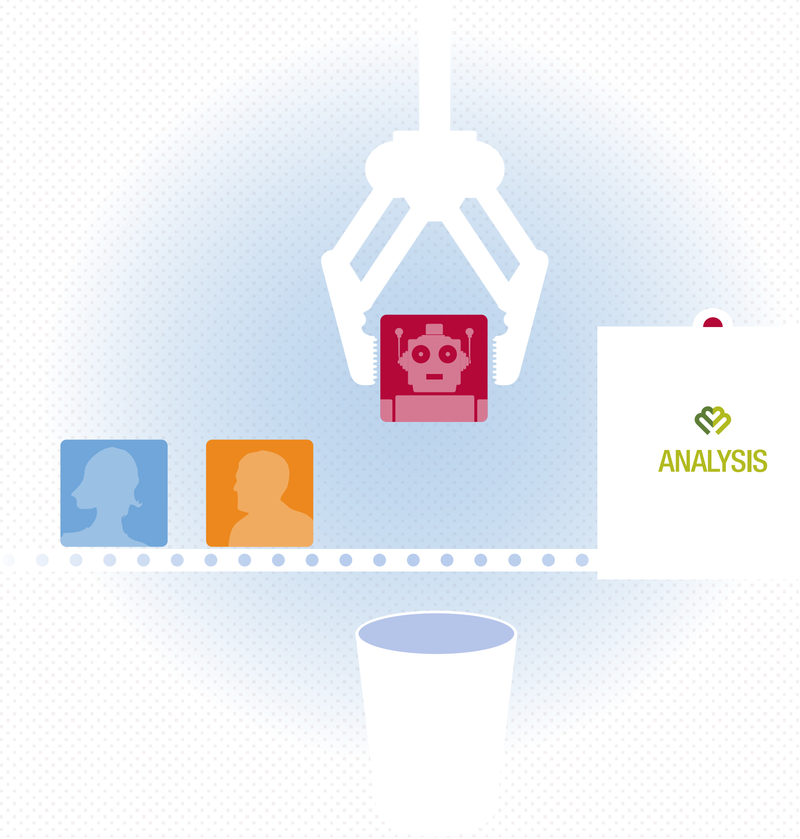
Brands will be permitted to be more visible on members' newsfeeds, growing the use of sponsored stories and video ads (which will become highlighted in users' feeds). Advertisers will also be prominent across more of the landing page – expandable and richer formats will be prevalent by the end of the year. With these new opportunities will come increased responsibility for advertisers to deliver quality content that enhances the user experience rather than invades the platform.

Facebook will morph from a relatively private social space to a business entity driven by the bottom line. Brands will need to tread carefully as they explore these new opportunities. Some users will tolerate prominent advertising in return for free access to their friends and social connections, but others may balk at increased commercialization. Seeing their personal data sold for targeted advertising may cause resentment, unless brands deliver engaging content that is appropriate for this personal space.

As brands start to invest higher CPMs in more impactful ad units, it will become increasingly important to optimize visuals and messaging. Some of this will be measured in real-time, and copy-testing of Facebook ads will also start to be more widely employed. By the end of 2013 we will better understand users' reactions to Facebook advertising, and we will know which formats successfully deliver brand impact without alienating users.

Martin Ash

02 SOCIAL MEDIA LISTENING EVOLVES FROM MONITORING TO INSIGHT



The current state of social media data collection is pretty much 'grab and go.' Most social listening platforms scrape every piece of social data they can find. Certainly this can be useful for monitoring real-time updates on breaking news and crises. But should all of the social universe be eligible for brand measurement?

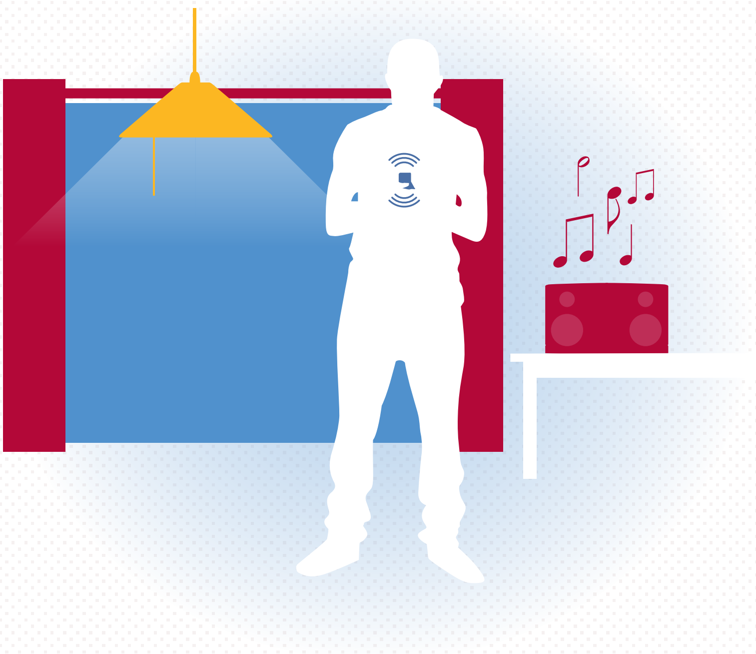
Privacy settings make it difficult to know how much of the total has been captured – or not. And while traditional research data undergoes a rigorous scrubbing process to eliminate trivial or unreliable data, there is no such quality standard in social media. Our tests show that across over 30 million conversations, as little as 40 percent of the total volume of brand conversations may consist of actual mentions of the brand by humans. This affects every commonly used metric from buzz to sentiment to key themes – it even affects calculations of influence, since brands may be including spambots when assessing their audience's influence.

As brands give more weight to social data in making business decisions, they will also demand greater transparency in the collection of data and greater quality in the insights. Rather than just being alerted of a crisis, marketers need to understand the longer-term implications, and the underlying factors driving that outcome. This can only be achieved when starting with a robust dataset. The current generation of technology can help aggregate the data, but it is not yet effective at assessing more subjective aspects, like sentiment.

Social data can start to inform business decisions more broadly across organizations, but it's only meaningful if it's cleaned, designed and analyzed in a way that makes it actionable and comparable to other measures. Human discretion is still needed to evaluate the source, quality, and value of results. To find true insight in social data, brands will require a new iteration of social listening that is less focused on fast feedback, and more on reliable research.

Anne Czernek

03 EMERGENCE OF 'MOBILE REMOTES' MAKE IT A CENTRAL PILLAR OF SMART COMMUNICATION PLANS



Picture this... you walk into a room and the ambience instantly adapts to your personal preferences—the lighting dims, jazz music begins to play, and pictures of your favorite beach are projected onto the walls. You set your smartphone down on the desk, and all your information (files, pictures, songs, movies, etc.) are at your fingertips; no more laptop bags, flash drives, or papers—everything is just there. With increased power and capabilities, our mobile devices become the remote controls of our lives, allowing not only active control of electronics, but seamless integration of the world around us.

While the milieu described above may be a few years off, we can already see the evolution of mobile in the way we live. The new functionality of our 'mobile remotes' utilizes advanced technology to simplify our lives. Anything that needs a processor to operate can use a smartphone as the brain. Brands need to start developing communication plans that adapt to this new world.

Marketers must learn to interact with consumers via these 'mobile remotes.' Content and advertising must stem from mobile but become adaptable to multiple screens and scenarios. With mobile as the hub, information gathering becomes more centralized as consumers trade personal information for convenience and access to events, offers and premium content. We see this with 'check-ins' now, but these will expand to more widespread, dynamic and seamless use.

Marketers need to create content that is flexible and smart so that it not only gives information, but receives it as well, and adapts in real-time to become more relevant and appropriate. The information that will be available on our 'mobile remotes' facilitates greater possibilities for advanced targeting and for interactive creative executions.

Drew Myers

04 THE GREAT PAYWALL MAKES FOR A SCARCITY OF PREMIUM EYEBALLS

One of the great things about the Internet is that you can access all your favorite content at the touch of a button and all for free, right? Not for much longer. In 2013 we will see an increase in the amount of content shifting away from ad-supported business models to pay-per-view or subscription-based models.

Driving the change is the rapid decline in audiences for the big players of traditional media. Newspaper and magazine circulation is in decline and TV audiences are becoming increasingly fragmented, due to the growth of alternative television services as well as online and mobile video consumption.

While many of these players have established solid online properties, they have generally been seen as an extension of their traditional audience and are based around a free access, ad-supported business model. To sustain high-quality content, they will need to use some form of subscription-based access to ensure delivery of specialized and exclusive content. *The Wall Street Journal* led the way as far back as 1997, but ever more established content sites will move towards paywalls and subscription models.

What does this mean for brands and marketers?

More fragmentation – with consumers now having to pay, you can expect audience sizes for premium content sites to fall as consumers look for alternative free content or go without.

Less clutter, tighter targeting but higher CPMs – with a subscription audience, the reliance on ad revenue by content providers will decline. They will instead focus more on quality and an improved user experience to drive subscribers. The result will be less advertising space, but greater audience targeting will drive-up demand and also prices. Brands will need to decide if the 'premium context' is worth the price of the premium CPM. There may be an opportunity for fast-moving brands to subsidize content to keep parts of it free.

Mark Henning

05 OMNICHANNEL MARKETING HELPS BRANDS BUILD ON MEANINGFUL MOMENTS OF ENGAGEMENT

Omnichannel marketing is about being present or available across the consumer's behavioral path: each potential contact point integrated with all others. The concept started in the retail sector where this behavioral path is easily tracked across online, offline and mobile touchpoints (both marketing and transactional).

The digital arena will represent the first stage of more brands adopting an omnichannel mindset, as social and mobile data sources are blended with offline brand experiences. Customer data will be key to these efforts as big data moves from a passive pool of potential insights, into an active mechanism for deepening the meaning behind each individual interaction.

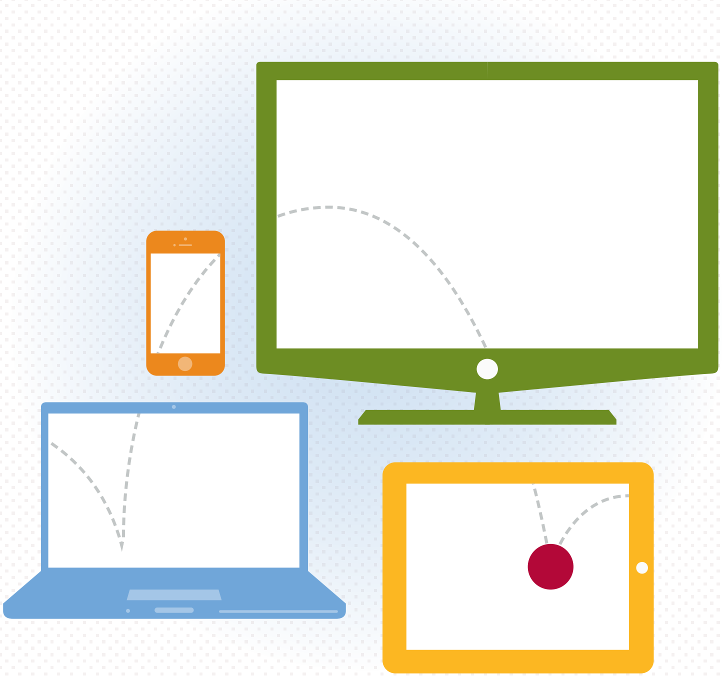
This shift in technological connectivity offers marketers an opportunity to sew their conversations with consumers together into a coherent story. It's not about bombarding people with marketing noise, but rather integrating previous interactions to ensure greater relevance when attention is being paid to a brand's message. Treading the line between privacy fears and consumer empowerment is going to be a key determinant of success.

In 2013 the green shoots of omnichannel strategies will involve companies turning existing datasets into active targeting engines. A retail brand might look to integrate loyalty data with social applications to deliver relevant offers or messages to consumers when they're in or around store locations. As mobile ad-serving platforms mature, this will transition from social apps into ads running across any mobile content. As well as receiving location data, mobiles have the potential to inform nearby digital screens – *Minority Report*-style tailored out of home ad content may not be so far away.

The implication for marketers is to start building the infrastructure to deliver an integrated experience in the omnichannel world or face the prospect of being left behind. The risk is that your competitors start to have meaningful ongoing dialogues while you shout disjointed slogans at consumers. The technical requirement is to capture meaningful moments of engagement so they can be referenced and built on during subsequent interactions.

Rob Valsler

06 SOCIAL TV GROWS UP: BECOMES PART OF THE NARRATIVE RATHER THAN A CONVERSATION ABOUT THE NARRATIVE



Reports of the death of TV have been greatly exaggerated. Contrary to predictions that the digital age would drag people away from TV, we are watching more TV than ever. Rather than being eroded, people's viewing experience is being enriched by social networks and dedicated social TV apps like Zeebox.

Increasingly, the assumption that a laptop, and a tablet or mobile are the 'second' and 'third' screens will dissipate. It will not be enough to simply broadcast a hashtag and flag a few tweets on the television screen. Telling stories through multiple screens (and elsewhere) will begin to supplant the notion of broadcasting something on the first screen, and people reacting and responding to it on disconnected supplementary screens.

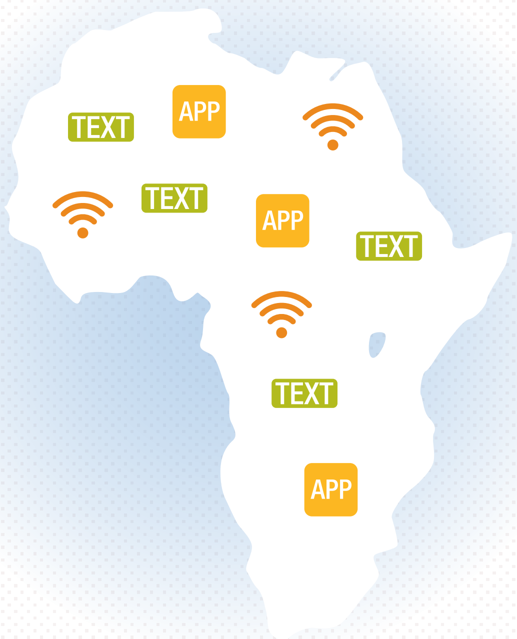
An audience will be able to immerse themselves in content to an extent that suits them. The majority will continue to consume most TV passively, but those more invested in a particular program will be able to access and interact with richer story elements during and between episodes. Unique story elements in different channels will be integrated with audience responses and reactions to become part of a single narrative, which permeates more deeply into people's lives.

These interactive trans-media stories will be tailored to the specific program audience; designed to improve with each episode and series as the barriers between broadcaster and audience are reduced.

For brand owners, especially those sponsoring a series or intending to regularly place ads around it, this creates both opportunity and challenge. Getting it right will mean adapting to this narrative approach and interweaving your brand's story across screens, tailoring it appropriately to those most involved in the content. Brands that fail to 'join-the-dots' between screens will fail to capitalize on a more engaged audience. Worse still, those that interrupt or disrupt the story by muscling in without subtlety will antagonize those they most want to impress.

Andrew Jerina

07 MOBILE ADVERTISING IN AFRICA TACKLES THE SMARTPHONE DIVIDE



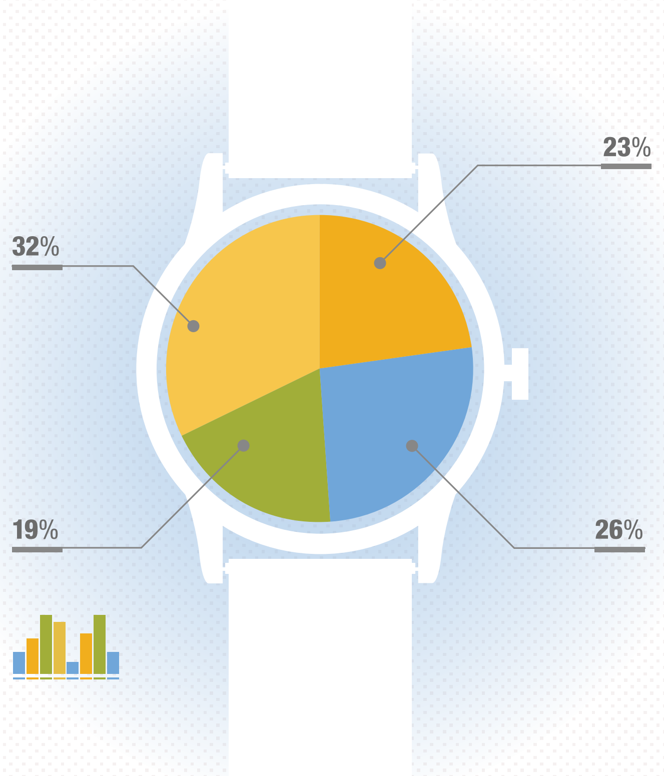
The Internet. Always on connections. Cloud computing. These terms are ubiquitous in the modern world and they are becoming increasingly common in Africa too. With almost a 3,000 percent increase in Internet access on the African continent in the last 10 years, and ever more undersea cables each year, this growth is set to continue unabated. What makes Africa's growth unique is that the majority of this increased bandwidth is likely to be used on mobile devices (since the number of PCs per 1,000 people is still extremely low) with almost 1 billion mobile phone users in the continent by 2015. Hence Africa will epitomize the post-PC era with primarily mobile-based Internet traffic.

African marketers will be working hard to establish the best approaches to mobile advertising. The mix of smartphones and feature phones in the market make implementation challenging, as many African users have limited functionality on their device. Thus, brands should begin with text-based search ads, SMS advertising and mobi-optimized sites. In time, this will give way to screen takeovers, location-based advertising, apps and augmented reality. Dependent on the target audience, most marketers will need to take a two-pronged approach, developing mobile ad strategies for both basic phones and the fast-growing smartphone audience.

Our recent AdReaction study showed that mobile marketing favorability is higher in Africa than anywhere else in the world. Building on this, some brands have already made mobile the centerpiece of their multi-media campaigns: Carling Black Label in South Africa achieved over 10 million mobile votes in its recent Be The Coach football campaign, and many other brands will be seeking to follow in its footsteps. Online advertising be damned; the future (for Africa at least) is mobile!

Jarrod Payne

08 GREATER COLLABORATION NEEDED TO MAKE THE MOST OF REAL-TIME OPTIMIZATION



It is no longer up for discussion. Advertisers have now moved beyond the click and require insight into the brand impact of their online activity alongside their click data. In 2012, we saw the introduction of real-time branding optimization, allowing advertisers to tweak campaigns on the fly, up-weighting successful campaign elements and down-weighting low performers. In 2013, this real-time planning and reallocation will go mainstream, moving from a 'nice to have' to an essential feature of digital campaign delivery and evaluation.

We are seeing growing demand for actionable in-campaign insight and we are also seeing advertisers reap the rewards. Brand.net measured the effectiveness of its online campaign against key brand metrics in real-time through an online dashboard. It was able to monitor and adjust creative types and frequency levels to optimize the campaign while it was live. As a result, the campaign performed within the top one percent of all online campaigns measured in the retail category.

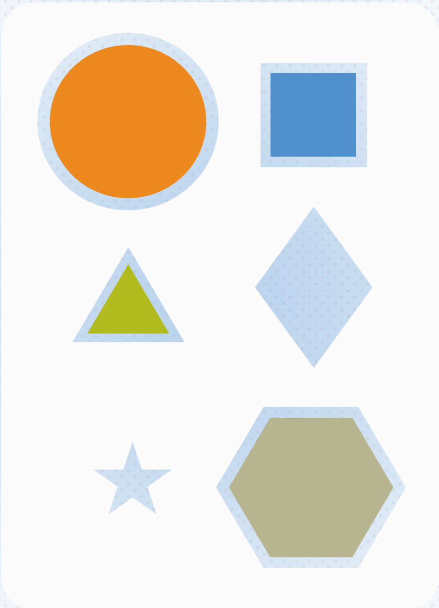
To achieve similar success more consistently, industry players will have to learn to collaborate and not just co-exist:

- Research and media agencies will be required to work more closely than ever before, integrating behavioral and attitudinal data to deliver optimizations that maximize brand impact while also delivering cost efficient clicks.
- Creative agencies will be required to respond more quickly to these insights by reworking inefficient creative on the fly.
- Media agencies will need to find new ways to leverage relationships with publishers so that in-market observations can become in-market optimizations.

For those agencies in the business of maximizing the return on their clients' online ad spend, 2013 promises to be a year of exciting collaboration.

Guy Turton

09 BETTER ALIGNMENT OF ONLINE DISPLAY FORMATS WITH OBJECTIVES



As online media budgets grow, there is an ever-increasing appetite for advertisers to understand how well their online campaigns deliver against objectives. To maximize results, media agencies will need to pay close attention to the growing pool of research which indicates that different online formats deliver different results.

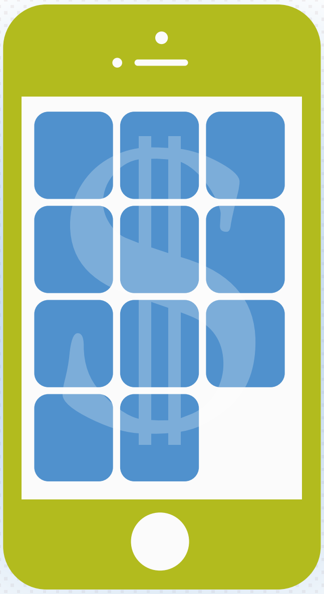
- If driving brand awareness is the objective, evidence suggests billboards and wallpapers should feature heavily on a plan, rather than standard skyscrapers and leaderboards.
- By contrast, if your objective is to drive preference, wallpapers can have a negative impact. While wallpapers put your brand center stage, bombarding your audience with such an intrusive format can understandably become irritating.
- Newer and larger formats are outperforming standard formats in delivering against key brand metrics, but at what cost? Balancing higher costs with achievement against objectives is a talent that media agencies will increasingly be expected to master.

Importantly, although some general rules are emerging, these do not always apply. Macro factors such as industry and brand status will play a role, but media planners will also need to consider micro factors such as creative strength, web site context and frequency effects. There will be no standard template for campaign planning against a specific objective. An awareness campaign which just employs billboards and wallpapers will likely drive awareness, but the potential negative repercussions on other brand metrics will need to be considered.

We will see even more innovative and strategic online planning in 2013, as advertisers strive for a deeper understanding of how format impacts brand building. In-context eye tracking of digital ads will help more brands identify the best formats for a particular campaign message and visual, and media buyers will compare effectiveness learning with format CPMs to identify value in the marketplace.

Amanda Teefey-Lee

10 MORE MEANINGFUL MOBILE ENGAGEMENT VIA APPS AND ACTIONS



Consumption patterns show that more time is already spent in mobile apps than browsing the web. Future in-app advertising spend will be driven by far greater use of rich media. Rich media ads such as Apple's iAd, other expandable/interactive formats, and even mobile video will draw consumers into highly engaging brand experiences. They will also give brands the opportunity to adapt advertising to meet their business needs.

For example, a hotel brand can offer a click-to-call option to allow calling directly from the ad to make a reservation. An auto brand can add a map to help customers find the closest dealership. And a retail brand can even offer the chance to make a purchase directly from the retail site, by integrating that seamlessly within an expanding ad unit. Our recent **AdReaction** study showed that smartphone and tablet users are looking for brands that engage rather than intrude via their mobile device, and offer something in exchange for their attention. In-app advertising offers great opportunities for brands to engage consumers in actions that are repeatable and meaningful, so we expect a continued surge in rewards-based advertising activity in 2013.

While some brands will reward via simple in-app discounts and coupons, branded content may offer even more brand building potential. For example, mobile gamers may be rewarded with in-game currency for using a brand's product. A beverage brand may sponsor bonus points when players reach a certain game level. Even more innovatively, brands will seek to design this engagement to communicate specific messages as we saw in Honda's recent collaboration with **Zynga's Words With Friends** where players were rewarded for using Honda-related words. Such approaches should be able to increase brand awareness, favorability and perceptions, and are therefore likely to be adopted more widely.

Jenn Okula