

Implications of media fragmentation for the advertising industry with special attention to the Philips account strategy of DDB

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Executive Summary

The world is undergoing a period of unprecedented accelerated technological innovation and these innovations have led to the demise of advertising as historically practised, and created a whole new way of communicating with potential consumers. This study forms an in-depth analysis into the future of advertising as a consequence of media fragmentation that rises from these rapidly evolving technological innovations by means of qualitative research. It synthesizes a vast body of theory in fields as diverse as advertising theory, consumer relationship models, competitive strategy, media development theories (including media fragmentation and media interaction) and new advertising techniques. Through a longitudinal analysis of the different individual media and of the evolving interaction between these media, it becomes possible to understand the mutual relations and development of the media from the very beginning and the consequent leaps in their evolution from an advertising perspective. This analysis of the individual media is fundamental to understand the current advertising world from the perspective of the individual media contributions as well as that of their integrated media effects.

The findings of this study point towards two interrelated concepts: "consumer centrism" and "consumer engagement". To companies it has become clear that fragmented media, clever and articulated consumers and the rise of freethinking and savvy audiences, are factors that have helped create an atmosphere in which advertising's fundamental mission has switched from selling products and services to managing consumer experiences. Where once, advertisers bombarded their *consumers* with messages, recently they have changed this approach to that of crating value for *people* that extends beyond the immediate moment of consumption, through experience-based advertising. This new approach heralds the arrival of a new experience economy era, an age which requires a new philosophy of advertising that prioritizes the consumer's experience of product brands.

The focus of this study lies on actual cases and campaigns in order to keep the theory as close as possible to the reality, and culminates in the application of the findings to the specific strategy of the Worldwide Philips account of DDB.

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1. Introduction

"Rules are what the artist breaks, the memorable never emerged from a formula." - **Bill Bernbach, 1989.**

1.1 Context

Talk about changing times, the advertising world is changing at a breakneck pace and advertisers are having a hard time just keeping up, the boundless possibilities provided by the rapidly evolving media environment are as yet uncharted, and the rise of the modern demanding critical consumer has only made competing in this dynamic industry even more complicated. Every new media development is a double edged sword, as the advertising agencies realize yet again that they have to uncover all the potential of the new channel because if they fail to do so, or hesitate for an instant too long, this potential can turn against them. These dynamic developments raise a number of questions that need to be addressed urgently by the advertising industry.

Historically, advertising agencies have gravitated towards traditional media vehicles to get their messages out and they have been, indifferent, if not averse to technology and new "alternative" media developments. In the beginning, the use of "alternative" media were almost exclusive to the edgier, youth-based brands because their youth target was being hit with multiple new media sources in their everyday lives and grew less interested in traditional forms of media such as TV and magazines. Over the last few years, however, we have seen an increase in the use of non-traditional, new or "alternative" media vehicles to get advertising messages out, as even some of the more traditional brands are starting to break the mould and use "new" media or at least new combinations of traditional and new media to support their advertising. And so advertisers are faced with daunting new realities when considering the various "alternative" media they might use to get their messages across. What really has the industry quivering is the notion that the advertising obstacles are mounting faster than new solutions can be created.

1.2 The Challenge

The future actually holds much promise for the advertising industry, as the breakneck paced innovative developments in the media open interesting prospects for advertising. But as the media industry evolves so must the advertising strategies and advertising methods. Better and more original ways must be devised in which to advertise and promote products and services to a consumer base whose expectations are getting harder and harder to meet and whose attention spans are getting shorter by the minute. Traditional advertising methods are growing more and more ineffective and often do not get the desired results. In order to capitalize on the opportunities provided by the new "alternative" media, advertisers must find new creative and technologically rich ways to promote their clients' products, while at the same time reassuring these clients of the guaranteed success of these novel advertising approaches.

It is becoming clear that the challenge for advertisers will no longer be to produce the most creative and original TV ads and posters, but to advertise on entirely new platforms. The Philips team at DDB requested a study into the development and current trends of the media, and the influence and opportunities they offer for advertising. DDB is in search of practical proposals for their strategy in approaching future account projects. In order to acquire these proposals the team requested an investigation into this advertising/media trend of media fragmentation. The study encompasses the advertising industry as a whole, but in accordance with the wishes of the principals, special attention will be dedicated to the implications for the Philips account.

1.3 Problem Definition & Research Questions

The objective of this study can be categorized as a strategic objective since it requires the analysis and combination of both the developments in the “new” media as well as an analysis of the advertising industry and the current practices in that field. The purpose of the study is to assess the key consequences of the trend of media fragmentation for the advertising industry with concrete solutions and recommendations for the Philips account. This study identifies the current trends in media so as to forecast future directions and developments in the advertising industry. Considering the speed of “alternative” media development and media fragmentation, and the dynamic nature of the advertising industry, it will be only possible to formulate concrete solutions for the near future, say the immediate upcoming campaigns. Based on the project objective and the particular demands from the team, the problem can therefore be formulated as follows:

What are the implications of media fragmentation for the advertising industry, and what is their impact on the Philips account strategy for DDB?

In order to resolve this problem, a number of practical underlying questions will be tackled. These questions will cover a diagnostic of the present situation, an assessment of the current impact, a forecast of the future effects and an examination of the practical implications for the Philips account. These research questions (RQ) are:

- RQ 1.** What impact does media fragmentation have on the advertising industry?
- RQ 2.** What are the current developments and trends in the individual media and how do they affect each other and the advertising industry?
- RQ 3.** What are the main implications of these trends for the future of the advertising industry?
- RQ 4.** What are the implications of these trends for the Philips account strategy of DDB in particular?

This study will encompass an analysis of the future of advertising as a consequence of media fragmentation that rises from the rapidly evolving technological innovation. It will synthesize a vast body of theory in fields as diverse as advertising theory, consumer relationship models, competitive strategy, media development theories (including media fragmentation and media interaction) and new advertising techniques, while making a contribution to the study of advertising practices.

The output of this analysis constitutes the basis for a proposal of how the Philips team at DDB should approach its projects in the future. At specific request of the principal, real life success stories were found (e.g. through case studies) in which agencies successfully used a new form of media, or a combination of media that led to positive business results for their client.

1.4 Research Approach

The challenge is approached as a strategy redesign problem in which proposals are developed for DDB’s Philips account strategy for future projects, by taking into consideration the process oriented developments in media and the up and coming trends in advertising. Because of the uncertain nature of the challenge that is being addressed, the study takes the form of a “descriptive study” by manner of qualitative research through a longitudinal analysis of the different individual media and of the evolving interaction between these media. By going back in time it becomes possible to understand the interaction and the development of the media from the very beginning and the consequent leaps in their evolution from an advertising perspective. This understanding is necessary in order to assess

the implications of media fragmentation for the advertising industry with special attention to the account strategy of Philips.

1.5 Methodologies

Two interconnected characteristics of the research question decreed the manner in which the study was executed. On the one hand there is the fact that the study encompasses the whole of the advertising industry and pretty much all the major developments in the media environment, and then there is the nature of advertising practices. Advertising doesn't follow the rules of marketing communications and its messages are rarely dictated by the theories of consumer behaviour. Instead of following the tried and true theories of behavioural science really good advertising is characterized by keywords such as astonishing, inimitable and emotional. And yet, advertisers are constrained by the business goals of their clients, and attempt to balance creativity with the needs of these organizations, while at the same time adhering to a lot of secrecy in order to protect their ideas.

The distinctive character of advertising combined with the sheer magnitude of this study meant that traditional qualitative methods of research such as surveying, focus-groups and interviews would be ineffective. Because the ideal situation, where the industry specialists such as the creative directors of the major ad agencies, and marketing analysts, could be interviewed, was unrealistic, creative solutions had to be found in which to chart the insights of these knowledgeable sources. As a result it was opted for an indirect approach to this study by way of:

1. Previous research publicized in Scientific Journals
2. Trade publications
3. Expert opinions (both through publicized opinions and informal interviews and conversations)
4. Personal observations during the internship
5. Case studies of real life campaigns

1.6 Structure of the Study

Practically the study was executed in several phases. The first phase encompasses an investigation into the development and the current situation in the advertising industry. Here the ad industry as a whole is charted in a way that forms the basis for the further analysis into the relationship between advertising practices and media developments. The next phase is dedicated to insights into the phenomenon of media fragmentation and the theoretical foundation is laid, that explains how the different media evolve and the way that these media interact with each other.

In the third phase the individual media (radio, video & television, print, outdoor advertising, the Internet, event-marketing and viral advertising) are analysed separately through a descriptive diagnosis of the medium's development in relation to advertising. This analysis is executed in 3 steps:

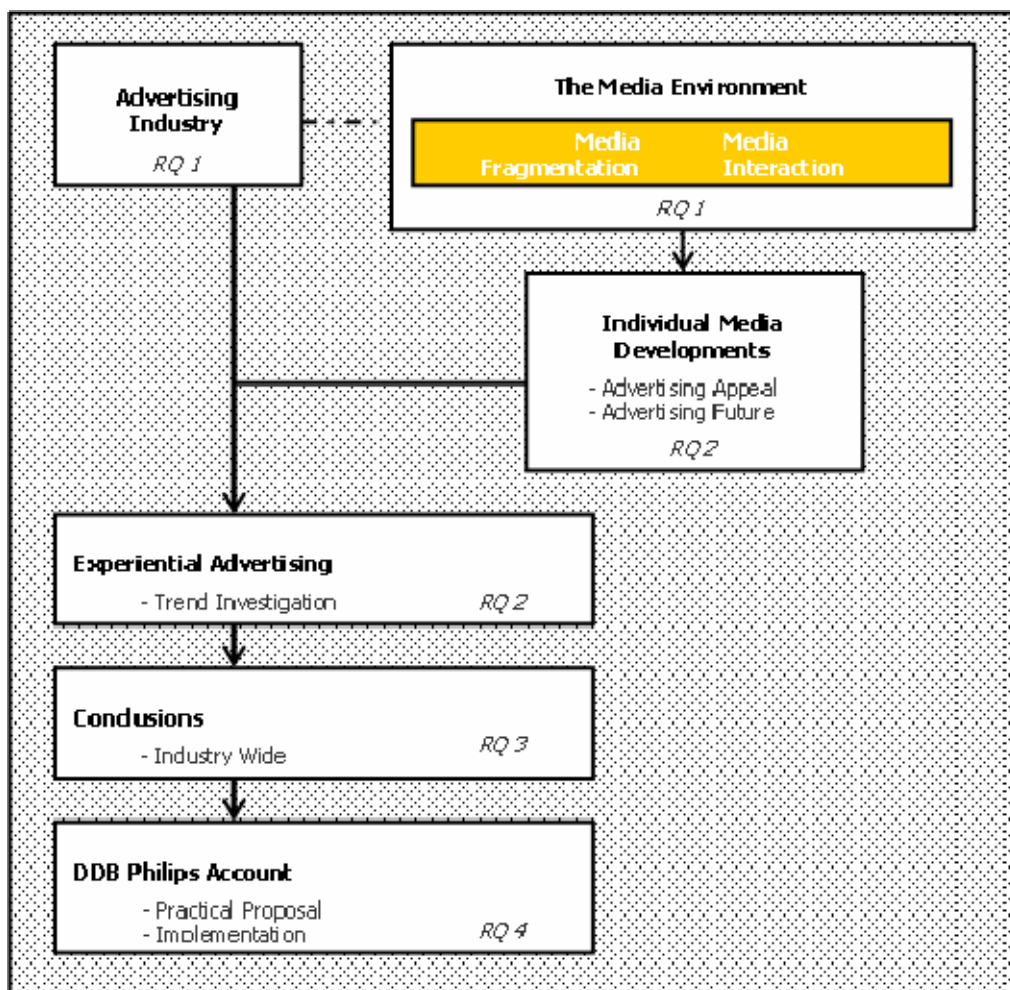
1. From a historical perspective the link between the medium and advertising is laid.
2. Consequently the medium's appeal for advertising is examined in detail.
3. Where upon it becomes possible to make a prediction for the medium's future as an advertising channel by means of actual cases.

This analysis of the individual media is fundamental to the study from two perspectives. For starters, it makes it possible to understand each medium's individual contribution to the current advertising environment. What is more, by examining the individual media, it becomes possible to determine the workings of the media interaction cycle beyond these individual effects, across the media environment

as a whole. Thus the analysis makes it possible to understand the current advertising world from the perspective of the individual media contributions as well as that of their integrated media effects.

At this point the study has progressed far enough that general conclusions can be drawn regarding the changing advertising industry. In line with these conclusions, the fourth phase constitutes a detailed investigation into the trend that seems to be directing the future of the advertising industry. The study will culminate in practical proposals and suggestions for the industry as a whole, with a particular focus on the relevant strategic choices for the Philips team at DDB.

Figure 1. Structure of the study



2. The Advertising Industry

"Truth well told." – Slogan for the McCann World Group

Advertising and media fragmentation lay at the heart of this study, and therefore it is important that the advertising practices and the advertising industry's relationship with the media environment are understood. For this reason this chapter is dedicated to the investigation of the development and the current situation in the advertising industry, where after the advertising industry as a whole is charted in a way that forms the basis for the further analysis into the relationship between advertising practices and media developments.

2.1 Advertising

Advertising is an area of marketing communications that, it is safe to say, touches everyone in the Western world. So, it is in no way surprising that a great body of research has been devoted to this practice. As it usually goes in such cases, the myriad of definitions for advertising thought up by the numerous researchers are inconsistent, often even at odds and in all cases overly complex. One definition rationalizes advertising as "a form of controlled communication that attempts to persuade consumers, through use of a variety of strategies and appeals, to buy or use a particular product or service" (Defleur & Dennis, 1996). In another instance it has been defined as "the non-personal communication of information usually paid for and usually persuasive in nature, about products, services or ideas by identified sponsors through the various media" (Bovee, 1992). But such definitions are hard to sell as they are unnecessarily complicated, thus for the purposes of this study we will be content with a less elaborate definition: "*Advertising is the business of drawing public attention to goods, services and ideas by means of communication, with the aim to influence perception, thoughts or behaviour*". Advertising, then, is the promotional campaign through professional publicity to create demand, regardless whether responding to a real need or an invented want. Advertising agencies produce promotional campaigns and individual ads in all media types, including print, broadcast, and the Internet. Besides creative work, such as written copy, artwork, graphics, and Web design, advertising agencies have recently expanded their services to include public relations, advertising strategy, and interactive Internet-based advertising and market research. Advertising has often been referred to as an art form (Bernbach, 1989; McLuhan, 1964) and the tools of this trade are the media. In advertising, media are employed to channel creative messages meant to persuade or inform and sometimes to entertain consumers. However, advertisers are constrained by the business goals of their clients, and attempt to balance creativity with the needs of these organizations. In this context advertising can be seen as functional art.

Advertising is not a new idea. The business has been around for a while and evidence of advertising messages can be found in cultures that existed thousands of years ago, but it became a major industry only as recently as the 20th century. Today the industry employs hundreds of thousands of people and influences the behaviour and buying habits of billions of consumers. It is not an insignificant industry, as advertising spending worldwide currently exceeds € 350 billion per year. It has become so commonplace in the Western culture that an average person may encounter from 500 to 1,000 ads in a single day, most of which occur randomly (Encarta Online Encyclopaedia, 2006). The advertising industry also plays an important role in the economy, as it provides the most apparent means for companies in different sectors to compete with each other for consumer spend. It is however, becoming abundantly clear that while the central goal of advertising still remains the same, namely to persuade consumers to purchase a product or service, the media environment into

which advertising is placed is changing. And as a result of this trend, the nature of advertising is changing as well.

The advertising industry has a long history of creativity and innovation. Such innovation, by nature, leads to periods of dramatic change and restructuring and we are currently living through such times. Recently the viewing and reading habits of the modern consumers have become so diverse and irregular that many advertisers seem convinced that the best way to reach the consumers is to try to catch their eye at literally every turn. As a consequence, the world is awash in advertising clutter. Every day consumers are faced with hundreds of advertising appeals delivered via television, magazines, newspapers, billboards, direct mail solicitation, e-mail spam, Internet banners and more. "We never know where the consumer is going to be at any point in time, so we have to find a way to be everywhere," said Linda Kaplan Thaler, chief executive at the Kaplan Thaler Group, in an interview with the New York Times (Story, 2007). The consequence of this popular notion is an absolute sensory overload that has consumers drowning in an overabundance of data and information, but that still fails to meet their needs and desires. In fact, according to the NY times (Story, 2007) anywhere the eye can see, it's now likely to see an ad. For decades advertisers have been spending more and more to try to get their message out, only to find their pitches drowned out in a sea of noise generated by countless other advertisers trying to do the same thing. What is more, because of their intense exposure to these messages, consumers have developed a more sophisticated understanding of the mass media and of advertising in general (Campbell, 2000). Consumers have become more experienced and sophisticated with more technology at their disposal, but these same consumers are also disenchanted with advertising and increasingly concerned about intrusions and privacy. Having been inundated by ads for so long, all the time and almost anywhere, consumers have grown quite adept at ignoring advertisements in whatever medium they are presented. Consequently, the traditional advertising methods are growing more and more ineffective and often do not reach the desired results. This means in effect, that companies have been paying fortunes to be ignored and large scale ad campaigns are fast becoming a waste of money due to the minimal positive response they draw in comparison to the huge amount of money involved in them. All of these factors contribute to a greater challenge for advertisers, and all media producers, to attract attention, especially thoughtful attention, for their messages.

What happened is that the art of advertising has gotten more complicated in this era of mushrooming electronic media outlets and fragmenting markets. Historically, advertising agencies have gravitated towards traditional media vehicles to get their messages out and they have been indifferent if not averse to technology and new "alternative" media developments. But nowadays advertisers are faced with daunting new realities as the traditional media are losing their control over the audiences. Furthermore, doomsday warnings about the industry (*the consumer is harder to reach, media fragmentation is destroying the traditional advertising model and unless the industry gets its act together, it will lose the attention of its audience*) are pressuring the industry into an about-face on their practices. What really has the industry quivering is the notion that the advertising obstacles are mounting faster than new solutions can be created. It has gotten to such a point that some people forecast the demise of the advertising industry in the future. This, however, is not going to happen. For as a wise man once said, "The man who saves money by not advertising is like the man who stops the clock to save time" (Henry Ford, 1863-1947). Advertising is necessary for businesses to thrive and will continue to be an essential tool of business communication. It will ever be so that businesses must employ some form of advertising to make prospects aware of their products and services. Thus, the question for the near future is not whether advertising will continue to be important, but rather, what *forms* advertising will take in the future.

As the marketplace evolved, so have the advertising strategies and advertising methods. Newer and better ways are constantly being concocted to advertise or promote products and services to a consumer base whose expectations are getting harder and harder to meet and whose attention span is getting shorter by the minute. Advertising has responded by becoming more colourful, more vibrant, larger than life, even more fast paced, louder, and more obnoxious. In fact, it is the "quiet" ad which stands out from the others, because it is so rare. A study by Yankelovich Partners (2004) found that 65 percent of the consumers feel "constantly bombarded" by ads and nearly as many respondents, 59 percent, feel that these ads have little or no relevance to them. Although this study was conducted under U.S. Citizens, and although this trend has mostly been associated with television advertising, the same thing seems to be happening everywhere else and on the other media platforms (Geller, 2001). Traditional agencies cling to the hope that if they just make better ads, people won't evade them. "If you entertain consumers, they will seek you out" says Ken Kaess, old-CEO of DDB, the agency responsible for such memorable campaigns as Budweiser's "Whassup?" spots (Burke, 2004). But it seems that media buyers aren't so sure. Because as J. Walker Smith, the President of Yankelovich Partners (Yankelovich Partners, 2004) argued: "The traditional assumption that consumers can deal with clutter by self-selecting what to watch ignores the evidence to the contrary, that choosing from a superabundance of options makes consumers less likely to choose at all and less satisfied when they do make a choice". And so, while the "aggressive, more is better" approach may succeed in the short run, it is likely to fail in the long term as consumers habituate to the new style and learn to ignore even the most aggressive messages (Elliot & Speck, 1998; Ha, 1996). At a time when people are communicating through Blackberries and consuming digital media on their wireless broadband-enabled laptops, ad agencies must be able to come up with something more groundbreaking.

Many advertisers find this new world strange and uninviting and nearly every ad agency head repeats the same mantra: "There's never been a more exciting time to be in the advertising business" (Burke, 2004). That is true, but most of the thrills are the result of things they would rather not talk about. The future actually holds much promise for the advertising industry, as the breakneck paced innovative developments in the media open interesting prospects for advertising. But it has been said before, that as the media industry evolves, so must the advertising strategies and advertising methods and advertisers must dream up new ways to break through the clutter and connect with potential customers at a lower cost.

2.2 Advertising and the Media

While it was ever thus that all "old" media were new media once, there is something special about our present situation at the beginning of the 21st century as we are facing a period of unprecedented change. It is an era of change in the expectations of the consumer, of change in the marketplace dynamics and one of change in the way that advertisers do business. These changes in the advertising world are happening at a breakneck pace and advertisers are having a hard time just keeping up. The combination of digital convergence, personal computing and global networking seems to have ratcheted up the pace of development and is giving rise to radical shifts in the media environment (Naughton, 2006). Whether it is because of the rapid diversification of communications platforms, the maturation of on-demand services or because of the proliferation of active commercial avoidance technologies, advertisers need to be more diligent and proactive today than ever before (Nathan et. al, 2004). The boundless possibilities provided by the rapidly evolving media environment are as yet uncharted, and the rise of the modern demanding critical consumer has advertisers unnerved and even bewildered.

For many years, experts from all over the world talked about the digital convergence of communication networks, media content (entertainment, publishing, advertising, etc.), consumer electronics and computing. Today, we see that technological convergence actually happening as traditionally separate markets such as telephony, the Internet and television are changing fast and converging. And the convergence of these four industries goes hand in hand with a divergence of new media devices (Negroponte, 1995). While this divergence in media channels open up whole new possibilities for communicating with potential consumers, it also gives rise to the emergence of new threats for broadcasters, marketers, and advertisers, because the traditional media model becomes unstable. Every new media development is a double edged sword, as the agencies realize yet again that they have to uncover all the potential of this new channel. If they fail to do so, or hesitate for an instant too long, all this potential can become a liability. "The challenge for advertisers is that the equation is additive," said one respondent to a survey by the American Advertising Federation (2004): "You can't eliminate a medium; you really need to be everywhere the consumer is". Nowadays advertisers need a veritable technology armoury if they have any hope of competing, and the agencies need to buy and manage ad space over a much greater number of channels. The implication is severe, for as a result, advertising has become much more complex. It has even gotten to such a point that recent media reports have heralded the end of advertising as we know it and this thought has ad-people in a panic.

The time has passed when television and radio programmers enjoyed captive audiences who happily sat through ad after ad, planning their schedules around favourite shows. The couch potato was, par excellence, a creature of this world (Naughton, 2006). And while he did have some freedom of action it was mostly confined to choosing from a menu of options decided for him by others, and to "consuming" their content at times decided by them, he could of course always switch the TV set off. In this sense, the dominant media were "push" media in which a relatively select band of producers would decide what content was to be designed, would create it and then push it down analogue or digital channels at audiences that were assumed to consist of essentially passive recipients. In this world all the creative energy was assumed to be located at the end of the broadcaster while the viewer was assumed to be incapable of creating content, or uninterested in doing so. Looking back, the most astonishing thing about the broadcast-dominated world was how successful it was for so long in keeping billions of people in thrall. Networks could pull in audiences in the tens of millions for successful and popular broadcasts, and pitch their advertising rates accordingly. In fact, the dominance of the push model was an artefact of the state of technology (Naughton, 2006). The traditional analogue transmission channels severely limited the number and types of messages that could be broadcasted and, therefore, consumer choice was restricted by the laws of analogue electronics.

But over the last few years, there has been an increase in the use of non-traditional, new or "alternative" media vehicles to get advertising messages out. These include the interactive media, PR centred around consumer needs, intelligent product placement and endless new sources of outdoor ad space. The power once held by advertisers and broadcasters seems to have shifted towards the consumers. So advertisers are faced with daunting new realities when considering the various new media they might use to get their messages across. In order to capitalize on the opportunities provided by the new "alternative" media, advertisers must find new creative and technologically rich ways to promote their clients' products, while at the same time reassuring these clients of the guaranteed success of these novel advertising approaches. The challenge for advertisers will no longer be to produce the most creative and original TV ads and posters, but to advertise on entirely new platforms. And for that it is, before anything, necessary to understand the revolution that is sweeping through the media industry.

3. The Media Environment

"The medium is the message." – Marshall McLuhan, 1964.

In this chapter the phenomenon of media fragmentation will be explored, where after the theoretical foundation is laid, that explains how the individual media evolve and the way that these media interact with each other.

3.1 Media Fragmentation

The world is currently experiencing an era of unprecedented accelerated change in the media industry that is being driven mainly by the evolution of communication technology. And this development has potentially huge implications for the advertising industry in terms of how people consume media and come in contact with advertising messages (Nathan et. al., 2004). Modern consumers are living a life of constant engagement with the media. Given the speed with which technology is moving today, there are an ever increasing number of new devices being created that enhance the consumer's control over their media and overall brand communication experiences. The development and acceptance of these devices is leading to the growing fragmentation present in today's media landscape. These devices are empowering consumers through greater viewing options (Berthon & Pitt, 1996) in an increasing variety of ways in which to receive media content. A salient outcome of this revolution is that consumers are no longer constrained by place, since time sources of information have become available on demand, transforming advertisements from involuntary and intrusive to voluntary and sought out (Rust & Oliver, 1994). This makes connecting with them through advertising messages far tougher than in the past.

The term "media fragmentation" refers to a media landscape consisting of more options to receive content than that which previously existed. Ultimately, fragmentation tends to lead consumers to seek content across an expanding array of transmission media, interactive platforms and devices. As a result, consumers will increasingly spread across a wider range of options making advertising a more difficult process. It is essential to realize that "media fragmentation" is a very abstract concept, which encompasses all forms of "new" media and combinations of "old" media. In order to fully understand the development of a new medium, let alone that of the fragmenting environment altogether, a clear understanding of the "old" media from a historical perspective must first be obtained. Realizing that the "new" media are not completely new should make it easier to deal with the inevitable upsets and confusion that ad-people are increasingly experiencing today with every introduction of a new medium that can channel advertising messages. Clearly, "old" and "new" are not mutually exclusive categories but rather represent a continuum. In fact when examining the development of the individual media a clear pattern seems to emerge, indicating that the "new" media have, in many instances, been growing out of the "old" media over time. As Marvin (1988) wrote: "New technology is a historically relative term. We are not the first generation to wonder at the rapid and extraordinary shifts in the dimensions of the world and the human relationships it contains as a result of new forms of communication". Coffee and Stipp (1997) noted that in the past "The new medium did not wipe out the old. People who listened to news broadcasts on the radio would still buy a newspaper". The "old" media they sustain, have kept on prospering because they possess unique attributes which satisfy specific audience needs (Coffee & Stipp, 1997). It might be more appropriate to refer to them as "traditional" media rather than "old" media. The term, "traditional," implies that the media in reference have been in existence for some time, while an "old" medium is an established medium and, therefore, an entity which has become traditional. Television, for example, is an established medium. But just as with religious and social practices and customs, television and other traditional

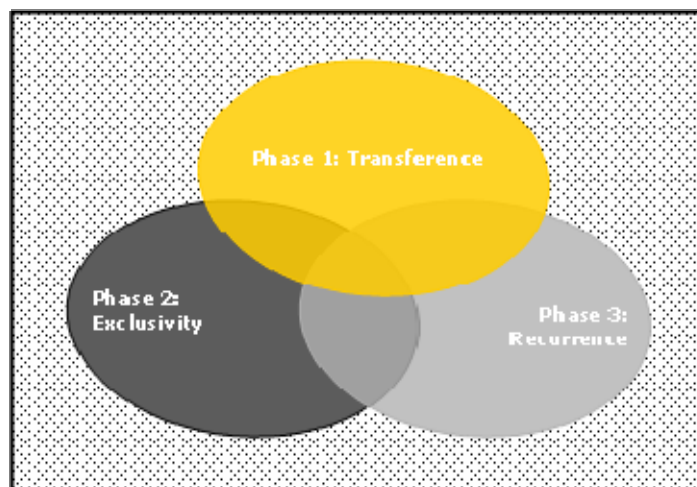
media change and evolve over time (Leckenby, 2003). "Old" media typically do not disappear over time. They may become less important or changed but usually do not disappear from the scene. "New" media, on the other hand, are those that, in line with the above definition of "traditional", are not yet fully established as customary institutions in a society. In the words of Murray (1997), "when a medium is in an early stage of development, it is still depending on formats derived from earlier technologies instead of exploiting its own extensive power". New media are required to suggest some significant improvements over existing media if they are to reform relationships between audience and content maker. Only in that way they will prove the value of their own individual existence as media to be used in addition to the traditional media (Fredin, 1989). This means that new media should bring novel benefits to the consumer and curiously, there are some returning factors around which these benefits tend to circle. Choice and control have been pointed out as features of new media (Pavlik, 1998). In that regard, "interactivity" has often been construed to be the primary differentiating factor between the Internet and other media. In addition to interactivity, consumer control (Williams, Rice & Rogers, 1998) and time convenience for the individual user have been noted to be factors critical to new media.

When we consider the development of a medium, it becomes clear that the classifications of "new" and "traditional" represent points on the time continuum. With respect to the development of media it means that the "traditional" and "new" are not mutually exclusive but interact. Cheong and Leckenby (2003) refer to this relationship as the media type interaction cycle.

3.2 The Media Interaction Cycle

History teaches us that there tends to be a "flow" among media types as they develop (McMillan, 2001), rather than a discrete invention of one type and subsequently an invention of another type, and so forth. That is to say, there appears to be an "interaction" among media types during and after their initial development. In their study Cheong and Leckenby (2003) explored this idea of the interaction between media types as they develop over time and identified the phases in the development of media types along this interaction. This characterization suggested by Leckenby (2003) is illustrated in Figure 2 below.

Figure 2. Phases of the Media Interaction Cycle (Leckenby, 2003)



There is an invariable temptation to believe that a new medium is entirely new at the time of its introduction. However, new media are not invented in a vacuum. In fact, Murray (1997) indicated that "when a medium is in an early stage of development, it is still depending on formats derived from earlier technologies instead of exploiting its own extensive power". This means that the formation of a new medium comes about based upon a "platform" of the traditional media which has preceded it. As such, the technical development of new media is influenced by those traditional media which, nonetheless, do not disappear upon the introduction of the new medium. This is according to Leckenby (2003) the first phase in the interaction cycle, which he refers to as the "Transference Phase" of media development. To grasp this first phase, consider what has happened when new technologies have appeared in the past. Motion pictures, in their early phase of development, often looked like films of a Broadway stage play. Techniques and ideas had not yet been invented to take specific advantage of the technology that movies brought with them and the initial practices were simply a product of taking known methods and ideas from the plays and transferring them to the silver screen, a common occurrence with the advent of any new medium. The introduction of a new medium does not necessarily mean that the traditional media will be abandoned in favour of the new. For example when television arrived, it was widely predicted that it would wipe out radio, and perhaps also movies and newspapers. Yet nothing like that happened. And yet again, when the CD-ROM and later DVD's appeared on the scene, people predicted the demise of the printed book. What happens every time again is that consumers usually will continue utilizing the several media because of the different benefits of each medium (Coffee & Stipp, 1997).

As the medium develops, there is a sense that something "unique" is happening in the new medium unlike anything before in other media types. As broadband and wireless capabilities in the user community develop, there is the sense that the Internet, for example, really has characteristics in one medium of all the other media which preceded it (Leckenby, 2003). This second phase of the cycle, "The Exclusivity Phase," leads to the idea that totally new forms of creative and media planning tools need to be developed to solve problems which are perceived to be exclusive to the new medium. And so does an ad become a mini-video game that requires media planners to make connections to new issues in their field such as online order fulfilment operations.

Finally, as the new medium develops, there may come a time when the formats of creative work and the aspects of media planning developed for the new medium become "hip". And a desire arises to mimic the advertising work of the new medium in traditional media. In this, the "Recurrence Phase," the new ideas and methods invented for the new medium come to be applied to traditional media. So, ad-people develop messages which look like Internet ads but are run on television. Media planners may wish to transfer some of the knowledge about audience measurement ("click-throughs," for example) to television audience measurement. In this "Recurrence Phase," advertising people get the idea that what has been going on in the new medium, may have utility in the traditional medium as well. It is a "feedback effect" where the ideas and methods of the new media turn back to the old media.

Cheung and Leckenby (2003) envision the Media Interaction Cycle to be a process with no easily discernible and discrete starting and ending time for any one medium. It is probably the case that all the three phases noted above are, to some extent, apparent at any point in media development. In Figure 1 above, the three phases of the Media Interaction Cycle are pictured in an overlapping manner and not as distinct entities. This pictorial representation is intended to convey the fact that the three phases of the Media Interaction Cycle are not "mutually exclusive events" but rather dependent upon one another. This also indicates, with respect to the time dimension, that all three

phases at some points in time may be occurring simultaneously in some mix of each other. At other times, perhaps only one phase of the Media Interaction Cycle can be observed.

There is an intimate connection between how a medium develops and the manner in which advertising people deal with this development. For advertising, ideas and practices are contingent upon the development of new media types and at the same time, ad-people participate in the development of the new media. In this sense, it is important for the advertising industry to understand its role in media type development processes and to attempt to understand how the phases of the Media Interaction Cycle can be observed at any given point in time for a given media type in its development phases. Therefore this study will continue by analyzing the current advertising practices and developments for the various media types (radio, video & television, print, outdoor advertising, the Internet, event-marketing and viral advertising) separately, where after the overlapping, or general media developments and the resulting advertising trends will be analyzed.

4. Individual Media Developments

"Today we are beginning to notice 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, 1967

"The medium is the message," this expression was coined in the 1960s by the media philosopher Marshall McLuhan, who suggested that the medium defines to a great extent the way in which a message is experienced and interpreted by the audience. Every advertising medium has characteristics that give it natural advantages and limitations, just as each medium focuses on a different sense, or a specific play of the senses. Radio, for example, is clearly a medium that focuses on audio cues, while print focuses on the audience's visual experience and the written word. Between "traditional" and "new" media the biggest distinction is that newer media tend to lean towards a more interactive relationship between the audience and the broadcaster, while in the traditional media the theory has long been that of an almighty broadcaster, captivating the audience's attention. These differences within media types combined with the medium's physical characteristics (logistical channels and range) define in great part the development of the medium and the opportunities the "new" media open up for ad-people.

This chapter will proceed by reviewing the recent trends for each individual media. Due to their prominent place, the following media will be discussed as for their effect on the advertising practices: radio, video & television, print, outdoor advertising, the Internet, event-marketing and viral advertising. The mapping of current trends will unveil the opportunities and dangers that these developments create for advertising, while offering the insights for forecasting the future directions and developments in the ad industry. To assess the current impact in the media environment and to forecast future effects, attention will be given to the following questions:

- How are the developments for each individual media relevant to the advertising industry?
- What are the current practices in the industry when it comes to each individual "traditional" and "new" media?
- What opportunities and dangers do these media developments offer to the advertising industry?
- How will the developments in the media shape the future of the advertising practices?
- Is there an emerging trend for the future of the advertising industry?

The first three questions will be tackled separately for each medium in the sections 4.1 through 4.6. Where after the attention will be focused on creating an overview of the media aspect in the ad world of the future. The last paragraph of this chapter, section 4.7 will next deal with the last two sub questions. The aim of these sections is not to provide a comparison of the separate media as such, since each one of them has its own inherent strengths and specific audience. Still the evaluation will not be limited to solely charting what's new for every media, for as the media interaction cycle illustrated, the media are interconnected, and developments in one media are often appropriated by the other media.

4.1 Radio

Since its conception radio quickly became the main patron of music and musicians. Radio was a very economical way to access music and as a result radio's popularity boomed in a very short period of time under the consumers. Its landmark commercial value was the addition of a completely new

dimension to the modern communications in its era: radio broadcasting brought the outside world into the homes of the consumer and prospects (Czitrom, 1982). However, precisely this sudden popularity of the radio meant an increase in its operating costs. These expenses were covered by broadcast station owners, while the audience enjoyed their programming with no charge. In the beginning this arrangement was satisfactory as in the year 1923, 39 percent of radio broadcast stations were owned by businesses that sold radio hardware and equipment or manufactured it, so their broadcasts were funded by the sale of the equipment necessary to access them (Leckenby, 2003). Few broadcasting station owners were prepared to support these costs indefinitely, and eventually the practice of sponsoring programs was popularised. In this model, each individual radio program was sponsored by a single business in exchange for a brief mention of the business' name at the start and end of the sponsored shows (Wikipedia, 2007). However, before long the station owners realised the potential of selling sponsorship rights in small time allocations, and to multiple businesses throughout their radio station's broadcasts, instead of selling the sponsorship rights to a single businesses for each show. And a new era started in which radio stations used advertising as the new way of attaining funds, this was the advent of the commercial radio station.

Commercial radio stations use their broadcasts for profit, and this is achieved by interrupting normal programming to air advertisements. In an hour of broadcast time on a commercial radio station, typically 10 to 20 minutes are devoted to ads (Wikipedia, 2007). Ad-people pay a certain sum of money to air their commercials, these costs for the advertising slots, are generally set upon the popularity or ratings of the station or program. For a long time, commercial radio stations were the dominant type of broadcasting, but unfortunately for the medium, the wild excitement and innovation associated with the radio in the 1990s has ebbed away. This declining supremacy of the commercial radio stations is blamed mainly on public broadcasting stations, such as the BBC in the UK, where programming is largely funded by broadcast receiver licences, public donations, or government grants (Wikipedia, 2007). That commercial radio stations have lost much of their audience listening share to public broadcasting is most likely the result of the fact that commercial radio stations are more answerable to advertisers than to the public. Critics believe that the stations have made ad-people unhappy by not investing sufficiently in delivering audiences to advertisers through higher quality content.

But there is hope yet for the radio for the fact remains that there is real advertising value in radio. As a medium, it offers a form of entertainment that attracts consumers and prospects while they are working, travelling, relaxing, in truth, while they are doing almost anything.

4.1.1 Radio's appeal as an advertising medium

Radio's appeal as an advertising medium lies in the unique relationship it has with its audience. It is a relationship of a one-to-one, personal companion, with which no other media can compete. Radio is a mobile media unlike the majority of other media, and this mobility makes it possible for consumers to use it at home and also while travelling to work in their cars. Evidence from the Harris Interactive and Human Capital market research (Ofcom, 2006) suggests that radio's major distinctive characteristic appears to be its high audience penetration and its ability to target specific audience demographics and specific geographic regions. Radio is a relatively inexpensive way of reaching people. Not only are the costs of radio advertising production relatively low (Ofcom, 2006) but radio also provides the advantage of short lead times, which means that ads can be produced extremely quickly.

Radio as a broadcasting medium can effectively sell an image. It has often been called the "theatre of the mind" because voices or sounds can be used to create moods or images that, if crested by visual effects, would be impossible to afford. So it happened on the Halloween night of 1938 that a wave of

mass hysteria seized thousands of radio listeners in the United States when the broadcast of a dramatization of H. G. Wells's fantasy, "The War of the Worlds," by Orson Welles and his "Mercury Theatre on the Air" led thousands to believe that an interplanetary conflict had started with invading Martians spreading wide death and destruction in New Jersey and New York (The NY Times, 1938). While this classical historical example has little to do with advertising as such, it definitely helps to illustrate the massive impact that radio, when used well, could have on its audience. However radio is not, a detailed medium and is thus unsuitable for selling complex ideas. In order to get through, a successful radio ad can contain no more than one or two ideas at the time.

Predictably, radio advertising is not without its vulnerabilities. One such weakness stems from the fact that it is not possible to review a radio commercial. Once the commercial has been played, it is gone. If the ad's target audience didn't catch the entire message, they can't go back and hear it again. This means, contrary to the unfortunate popular practice, that radio advertisements are a poor place for prices and telephone numbers, as consumers and prospects almost never remember them anyway. However, radio does make a valiant attempt at countering this issue through the regular repetition of advertisements, thus increasing the frequency of opportunities that the audience gets to hear the ad, as well as increasing the audience's frustration of being hit repeatedly with the same bad ad.

Another disadvantage has to do with the medium's potential for audience penetration. While the medium as a whole boasts of a wide audience, the bulk of radio stations means that the total listening audience for any one station is just one piece of a much larger entity. But precisely this wide array of stations, provide the ideal conditions for the targeting of specific audience demographics and specific geographic regions, that is so distinctive of this medium. Advertisers try to map which stations their consumers and prospects listen to in order to target their messages accordingly, most of the time this means that ad-people need to buy time on several radio stations in order to reach the market they seek. However choosing the right channels does not completely resolve the problem of reaching the target consumers and prospects. People don't listen to the radio all the time but only during certain times of the day (Ofcom, 2006) and knowing when the costumers and prospects are listening is a key factor in this game. One of the most popular times to reach people is during "drive time" (Ofcom, 2006) which takes place from 6 a.m. to 10 a.m. and 3 p.m. to 7 p.m. It's called that because most people are going to or from work during this period, and because most people listen to their radio when they drive. Unfortunately, radio stations know that this is a favourite time to advertise, so commercial costs are much higher during this time.

But radio has one real Achilles heel that manifests itself in the seemingly inability, or disinterest of the advertisers themselves to come up with creative radio ads. While certainly not universal, there is a concern within the advertising community that radio is not a strong suit for creative writers. While there are some brilliant radio creative writers, most clients' creative resource does a range of media, and inevitably the copy writers' passion and energy goes to the more visual medium of television. Their excitement seems to fall short when it comes to the other media (Osborne, 2006).

4.1.2 What the future has in store for the radio

Satellite Radio, Portable MP3-players, Internet Radio, Internet Coordinated Radio Ad Slots Sales and Location Based Advertising.

As that of every other media, the landscape of traditional over-the-air radio is changing due to technological developments and in its particular case because of the introduction of new audio sources. Most recently the growing number of satellite radio customers and portable MP3-player owners has forced the radio industry to re-evaluate what the future may bring (Varsant, 2005).

The satellite radio business model is a concern to traditional radio as it embodies the idea of receiving music uninterrupted by commercials for a small monthly fee. MP3-players are an even greater threat, not just because of their universal popularity, but mostly because they make the reception of radio unnecessary, as the listener can upload complete personalized playlists. Even though MP3-players require effort from the listener and the content can not be changed on the go. Traditional AM/FM radio has taken note of this new reality and is responding to the possible implications of the mass use of satellite radio and portable MP3-players. One such response tactic of major radio groups is to switch over to HD radio technology within the foreseeable future. HD radio is a technology that provides improved sound quality and interactive capabilities such as song titles, traffic updates, weather forecasts and even sports scores. Another popular approach is the implementation of a commercial reduction plan in which the number of music breaks and commercials per hour are severely limited. The goal is to increase the amount of time the listener spends with the station and improve their overall experience.

In addition to improving the actual AM/FM radio product, stations have turned to the Internet. Radio's relationship with the Internet is much friendlier than that of most media. By and large radio broadcasters have a favourable view of the Internet (Osborne 2006), as they consider the Internet to be a complementary way to connect to their audience. Radio stations are currently experimenting with web-casts of music-video programming, streaming on-air programming, and other interactive programs to bring the on-air radio product to listeners. As yet, it does not appear that anyone has figured out a way in which radio stations can substantially recoup the Internet costs from advertisers.

On the topic of the Internet, there is another interesting development relating to broadcast radio, this time in the way radio advertising is sold. Google, the Internet's biggest success story so far, is in the process of extending its Web-based network, which sells advertisements on thousands of online sites, to other forms of media, including to radio. Google has agreed to a partnership with dMarc, a company that develops software which coordinates radio ad-slots sales. This partnership could fundamentally alter the way in which radio ads are sold in the future, the world over (Hansell, 2006). This partnership would allow ad-people to strategically deploy many variations of radio ads. That way it is possible for them to strategically feature whatever product, or sales pitch they believe will most appeal to a given station's demographic. Thus, giving radio advertisers a level of control they did not enjoy before. The system finds available ad-slots that match the advertiser's specifications regarding location, timing and format, and automatically embed the advertisements directly into the systems of the radio stations. As a consequence bypassing the largely manual process currently used in the radio industry (Hansell, 2006). The advertisers cannot, however, specify a particular station, so the system will not compete directly with the stations' own sales forces, at least not for now.

Location based advertising is another new development adorning the horizon, much like the incorporation of fast food restaurants and gasoline stations in navigations systems of cars, it is all about steering the potential consumers in the right direction. Imagine a radio commercial for McDonalds, only minutes prior to a billboard announcing the next exit for the nearest franchise. A team made in heaven. But for now it is only the stuff of science fiction, as radio stations currently lack the technology necessary to bring such a system into practice.

4.2 Video & Television

Of television it has been said that it is the inevitable creature of an economy capable of producing and distributing goods on such a massive scale and to a society so complex, that its business cannot be managed by face-to-face communication (Bogart, 1958). The most convincing claim to its invention is

by Zworykin, and every basic design of modern television systems agrees with his original patent description of 1923 (Winston, 1998). At its original launch in the United States, TV was made to fit into a media system that adapted live events from print, film and radio, and back in that time, television was principally intended for the home delivery of movies. In accordance with the Recurrence Phase of the Media Interaction Cycle, the practice of advertising in-between shows, and even interrupting shows for ads, was carried over from the radio industry to television in the late 1940s and early 1950s.

TV is a richer sensory media than the radio, and advertisers were quick to exploit the strong emotive advantages that this audio-visual media offered. By 1952, television was contributing up to 70 percent of the total broadcast advertising revenues (Leckenby, 2003), because the broadcast industry had moved away from radio to television. Nonetheless, the arrival of TV did not mean the death of the radio star, as TV did not lure away whatever interested parties had been radio fans.

The 1960s saw TV advertising and the ad world as a whole, transform into an industry where creativity held the main stage. The results were unexpected messages that made advertisements more tempting in the eyes of the consumers. This period of advertising is referred to as the Creative Revolution (Wikipedia, 2007) and its leading man was Bill Bernbach, one of the founding fathers of DDB. Bernbach pioneered the revolutionary Volkswagen ads which were almost solely responsible for this transformation. The Volkswagen ad campaign featured such headlines as "Think Small" and "Lemon" and ushered in the era of modern advertising by promoting a "position" or "unique selling proposition" designed to associate each brand with a specific idea in the mind of the audience (Wikipedia, 2007).

Around the 1990s cable television and particularly MTV were introduced. Pioneering the concept of the music video, MTV ushered in a completely new type of advertising. Very unlike the traditional practice where advertisements were a by-product or afterthought, music bands were now enticing the consumer to tune in for the advertising messages themselves. In the meantime, as cable and satellite television became increasingly prevalent, specialty channels emerged, including channels that are entirely devoted to advertising, such as the Home Shopping Network, and TelSell.

4.2.1 Television and its advertising value

Television is a medium that is of particular interest to ad-people, because TV advertising is a highly emotive medium (Rossiter & Percy, 1987), indeed of all the traditional media TV offers the greatest possibility for creative advertising. The rise of television in the early 1950's dramatically altered the dynamics of the relationship between popular beliefs and media messages. Television was directly responsible for raising the influence of symbol manipulation in public affairs and for enhancing the power of visual imagery in shaping popular belief (Adams, 2004). While advertising endeavours have always involved the management of public opinion and the creation of the "need" for products both new and old, the state of the mass media in today's society has raised the stakes of this old game to a new level of perceptual wizardry. In TV advertising this is reflected in the increased sophistication of the content and production. In fact, Nicole Kidman in the three-minute Chanel No. 5 ad, the Dutch commercial for Centraal Beheer Achmea featuring an acupuncture session and Coca-Cola's latest effort by way of the Happiness Factory, all point to a recent development in the ad industry where many TV ads are taking on "the same production values as film" (Adams, 2004).

The TV commercial has long been considered the most effective mass-market advertising medium and this is reflected by the high prices TV networks charge for commercial airtime during popular TV events. The annual Super Bowl football game in the United States, for example, is known as much for

its advertisements as for the game itself, and the average cost of a single thirty-second TV spot during this game has reached 2.7 million USD as of 2007 (Wikipedia, 2007). Yet, the start of the 20th century finds the traditional thirty-second television spot in serious trouble, there might not be a more indicative instance than the case of The Coca-Cola Company.

For broadcast television, Coca-Cola was it. The 50-year partnership between this giant and network television yielded some memorable campaigns, such as the groovy "Things Go Better with Coke" spots of the 1960s and the carefree "Can't Beat the Feeling" campaign of the 1980s. Through the emotive TV campaigns Coca-Cola was never promoted as a drink, but as an idea. "Like great movies, like great music. Coca-Cola is a feeling" (Heyer, 2003). But in recent years, this idyllic relationship has hit a rough patch and in 2003 Coca-Cola cut its network ad spending by 10 percent (Rose, 2004). To the question where Coke is headed when it comes to its advertising expenditures, the company's President at the time, Steven Heyer (Heyer, 2003), answered "Away from broadcast TV as the anchor medium". Thus, acknowledging the fact that, the big broadcast networks no longer deliver the mass audiences necessary to justify the huge investments in television advertising.

It "used to be, TV was the answer, the only problem is that it stopped working sometime around 1987" proclaimed the president of GM North America (Rose, 2004). The truth of the matter is that broadcast TV is in serious decline. "There must be, and is, life beyond the 30-second TV spot," Procter & Gamble's global advertising officer declared a few years back (Rose, 2004). The problem is that the business model that supports broadcast is based on its ability to attract and hold mass audiences. Once upon a time networks could pull in audiences in the tens of millions for successful and popular broadcasts, and pitch their advertising rates accordingly, but broadcast networks have been losing audience share for years. It is not that the consuming demographics have stopped watching TV, but that their viewing options have increased dramatically, and they are keeping busy with a range of extra activities, such as going online, watching DVD's and playing videogames. "The networks are recognizing that the way people are consuming television is changing, and the money is going to follow that," said Joe Mandese, editor of MediaPost in New York, an online and print trade publication (Elliot, 2006).

While it is inevitable that broadcast TV will lose its dominant position in the ad world, it will continue to exist, if only for the simple and very good reason that some events are best covered using a few-to-many technology. "Only a broadcast model can deal with something such as a World Cup final or news of a major terrorist attack... when the attention of the world is focused on a single event or a single place" (Naughton, 2006).

4.2.2 What the future has in store for Television advertising

Ad-skipping technology, Interactive TV, Branded Entertainment, Videogames and Consumer Generated Ads.

It is a whirlwind environment for TV advertisers today, and the assumed causes and predicted effects of this turmoil seem innumerable. There is one thing that all the predictions seem to agree on, and it is that the phrase "Pass the remote" has gotten a whole new meaning for the TV ad industry.

The integration of DVR recorders, TiVo and other such ad-skipping technology into the worldwide television culture has effected a fundamental change in the shape of the TV advertising sector. A DVR or TiVo allows consumers to record programs digitally and watch them at their convenience. Generally this is referred to as "time shifted viewing" as the programs are not watched when they originally air, but at some latter more convenient time. After only being programmed once, not only will a DVR

record the same program over and over, it will search the programming universe for shows that fall in the same genre and record them just in case they are of interest. Such technology has only provided the modern consumers with even more choice and control over what and when they watch, or skip, than ever before, and this trend will only increase. The anticipated impact prompted Nielsen NetRatings (in Varsant, 2005) to research the viewing habits from TiVo and the effects of time shifted viewing. It turned out that time-shifted behaviour differs significantly depending on the programming type. The level of live TV viewing varies distinctively according to the perceived "urgency" of the content (McOwen, 2003). Ad-skipping technology will result in a television schedule dramatically divided in two, on one hand "habitual" content, which will be stored, enjoyed when desired, as opposed to during its original airing, and most often watched ad-skipped (Sitcoms and other weekly series). An on the other hand, "appointment to view" content must be seen Live or lose much of its value to the viewer (The Grammy Awards, FIFA World Cup Finals). Programming that delivers two kinds of viewing behaviour will, in turn, develop two forms of advertising to support it. Habitual programming will, most likely, be of a lower value, tend to attract poorer quality adverts or will incorporate the ad directly into the program for example through product placement initiatives. While the appointment to view type of programming, will retain many of the characteristics of advertising for traditional TV.

Two newer devices whose real power is yet to be determined are video on demand (VOD) and interactive TV (iTV). The excitement surrounding these advancements circles mainly around their capabilities to target consumer behaviour. The first, VOD, is the technology that allows the consumers to download a movie or TV program that has already been aired and watch it at their convenience, hence the "on demand" portion of VOD. VOD also allows for long form commercials that potential consumers can download to receive detailed information concerning products, for example a mini infomercial. The consumer also has the ability to pause, fast-forward and rewind the featured program. The second, interactive TV (iTV), is a concept that has been around for sometime, but until recently had never really gotten off the ground (Varsant, 2005). As its name suggests, iTV is an entertainment medium with advanced technical capabilities that invites the audience to interact with the advertisements. iTV advertising is pictured as personalized content targeted to sub-segments of the consuming population based on specific profile information, through a mediating server a match is sought between the content and the audiences' preference and subsequently delivered to the set-top box (Varsant, 2005). This set-top box stores content locally and presents the ads at appropriate breaks in the featured program (Pramataris & Papakyriakopoulos, 2001). Because of differences between the traditional passive broadcast model and iTV, however, existing advertisement methods will no longer be satisfactory. View only commercials won't fit interactive behaviour patterns, and ads will likely take a form somewhat similar to that of Internet ads.

As DVR recorders, TiVo's and other such ad-skipping technologies effectively devalue the 30-second ad, the broadcast television industry is looking for new ways to protect their revenues. Some of the most popular alternatives to maintain these fundamental advertising revenues are advertiser funded programming, short films and program product placement techniques. As mentioned earlier, many TV ads today have the production value of films, but what is more, lately companies such as Sony have successfully experimented a common practice in films, featuring a 20 minutes "making of" for a 30 second ad, thereby creating a myriad of free publicity not just for their product, but for their ad. Even the practice of product placement has become a player on a whole new level. It used to be that a product featured prominently in the movie, such as the Aston Martin DBS which was driven by the most recent 007, Daniel Craig, in Casino Royale, or as an ad in the movie, like the Bacardi ad on top of Jamie Foxx's taxi in Collateral. But the term "product placement" is not aggressive enough to refer to the future relationship of movies and advertising, as recently the advertising industry has been

experimenting with the creation of hybrids and redirecting the TV advertising funds into the creation of customized films, television shows, music recordings, and other vehicles, that have collectively become known as branded entertainment (Berger, 2003). Branded entertainment seeks to craft stories that weave in the brand seamlessly. Relating to films, FedEx in the film *Cast Away* and AOL in *You've Got Mail* are perfect examples even though neither was conceived as branded entertainment. But even with all the excitement surrounding this hype in movies, the question remains whether this practice is viable. Hollywood for its part needs brands as the costs of producing a hit film are ballooning. But companies have as yet no budget set aside for branded entertainment, and even if sponsors were to be found the networks have mixed feelings. "You cannot have the audience feel your shows are pimping for any product," says Lloyd Braun, chairman of ABC Entertainment (Berger, 2003).

While the prospects for TV are looking dreary, Carlos Bayala of Madre, Buenos Aires, one of the judges for the Andys gives an excellent conclusion stating that "the challenge now is for TV spots to be really good, when TV is clearly not central anymore... What I love about great TV spots is that they remind us that people don't want to interact all the time or always be in front of a computer and will always want to sit down in the living room, do nothing and watch TV and good, entertaining commercials" (in Parpis, 2007). Besides, television advertising has one characteristic that has yet to be replicated, that which Hollywood refers to as "movie magic". Though they have tried, no other medium, not even the Internet, can even get close to TV's ability to transport the audience to a world completely of the advertiser's making. And so advertisers are experimenting with ways to use the consumers themselves to bring the message to the audiences.

Following the popularity of the many amateur podcasting, blogging and video artisans taking on the mainstream media, it was only a matter of time before advertisers found a way in which to harness the creativity of their consumers. Instead of persuading consumers to tune in to the ads, businesses are creating incentives through which the consumer is encouraged to participate in the creation of the TV ads, themselves. This initiative of letting the public play in the ad game is what some call "brand democratization" (Kiley, 2005) and it is becoming quite popular for several reasons. Not only does getting the consumer to create the ads, generate artful ads at a fraction of the price of ad agencies, but the general expectation is that the consumers will accept such consumer generated advertising as entertainment rather than advertising, and thus judge them more favourably. Besides, there is always the fond hope that the most successful ads just may achieve the advertisers' dream of "going viral", and finding their way into thousands of email inbox-trays, spreading the message to otherwise hard-to-reach demographics. Converse in a classic example decided to outsource their advertising to fans in 2004. The company solicited 60-second consumer-submitted clips that embodied "the values and spirit" of its Converse sneakers, from anyone with an idea and a camera. 81 artful ads were selected to be displayed in an online gallery, each of these ads earned their makers 1,000 USD, over 30 of these ads were subsequently used on Television channels such as MTV, and each ad earned their maker 10,000 USD, quite a large sum for the amateur ad-maker, but only a small fraction of a conventional ad-creative budget. This experiment intimated that there might be more to these user generated TV ads than just saving money, though. According to David Maddocks (in Kiley, 2005), Converse's VP of global advertising, the Converse campaign helped to "facilitate a conversation" with the customer base, and consequently this conversation had a massive effect on sales. *AdAge* magazine reported that the online shoe sales doubled in the month after the gallery on the theme was launched (Rowan, 2006). But like all emerging advertising trends, consumer generated advertising is the subject of curious observation, debate and no small amount of derision throughout the mainstream ad agency business, for the rise of consumer-generated advertising can be viewed either as a godsend or a threat. By handing the power to the unpredictable consumer, some

businesses are finding their brands slipping dangerously off message. Volkswagen learned this the hard way in 2005, when an unauthorised clip circuiting through email showed a suicide bomber's Polo survive an explosion unscathed. In 2006 General Motors' had a similar experience with an online contest inviting ads to promote its new Chevrolet Tahoe. One of the ads made it viral, unhappily, this most talked-about ad was a commercial parody that named the Tahoe "the ultimate padded cell" that's destroying the environment, and as it goes with viral advertising, GM is powerless to stop the ads.

As young consumers drift away from TV, advertisers are trying to focus on entertainment that grabs their attention and holds it, and on the top of the options are videogames. The exceptional thing about videogames is that they make the audience participants, and not just viewers. Only a decade ago, these games were considered nerdy, and game developers had to pay real-world companies to reproduce their logos in its sports titles (Rose, 2004). Now, with Nielsen Media Research reporting that young consumers are spending more time than ever with their TV sets tuned to the game console, the fictional landscapes of videogames are increasingly being dotted with product placements, pitching everything from athletic shoes to movies. Advertisers will soon be able to update the ads over the Internet whenever they want, long after the games are sold. "If the audience is there, the advertiser will be there," said Anthony Noto, a media entertainment and Internet analyst at Goldman Sachs (Wong, 2004). In-game advertising has gained momentum in the past few years because traditional television and print ads are becoming less effective. Case in point: The advertising budget for ads in video games at DaimlerChrysler AG's Chrysler Group was zero four years ago. Now it represents more than 10 percent of the division's overall advertising budget, planting Chryslers, Jeeps and Dodge cars in more than a dozen video games while spending on television and print ads has dropped (Wong, 2004).

4.3 Outdoor Ads

When people think of outdoor advertising, they usually think of the colourful billboards along streets and highway landscapes. These common adornments of cities are the direct descendants of the poster ad. As advertising mediums go, the poster ad is vintage. Probably the oldest of advertising mediums, if we discount word-to-mouth advertising, it has a history that is rife with political controversy and rebellion.

During the late 19th and early 20th centuries colour posters used for advertising elicited much cultural commentary. Because of the way in which they are displayed and because of their advertising function, it was necessary they be designed to make strong impressions instantaneously and with high impact. Writing in 1901 for example, George D'Avenal, the author of one of the earliest essays on modern advertising, noted that posters should require "no reading, one takes it in at a single glance despite oneself, merely by letting one's gaze fall on it". This observation indicates that the reception of posters around 1900 included a keen awareness that the medium of posters embodied a speedy temporality (Iskin, 2003). The medium was characterized by its instantaneity, suddenness and shock. Posters differ substantially from advertising in the press, which appeal to a reader who is engaged in reading, and being in such a mode inspects the ads at a close range. Posters, by contrast, are designed to be seen from a distance and in a rushed pace, thus use primarily an iconic form of communication and a minimal amount of text.

While the outdoor medium is usually associated with billboards, it encompasses a range of other ad-types. The medium also covers street furniture (bicycle racks, bus bench/bus shelter advertising, kiosks, sidewalk posters, shopping mall displays and in-store displays), posters, signs, transit hubs (ads on buses, subways, taxicabs and trains) and other alternative forms of outdoor media. Especially

the last category of alternative outdoor media is probably the fastest evolving section and includes such options as trashcan advertising, airborne displays, digital displays, carton and cup advertising, movie theatre advertising and stadium and arena displays (Lichtenthal, 2006).

Outdoor advertising reaches its audience as an element of the environment. Unlike newspaper, radio or TV, it doesn't need to be invited into the home of the consumer. And, it doesn't require entertainment to sustain its audience. Instead it presents a unique case in that, unlike advertising in other media, an individual's capacity to avoid exposure is inhibited (Rosewarne, 2005). Different from the private world of print and television advertising, outdoor advertising is displayed throughout public space and it is aimed to tempt the passing attentions of potential consumers.

4.3.1 The ad value of outdoor advertising

The notion of a captive audience is crucial to the understanding of the allure of outdoor advertising as a medium. Advertisers take advantage of the consumers' regular daily activities and exploit their inescapable environment to display advertisements, and this way, they attempt to capture the attention of passers-by. The biggest appeal of outdoor advertising from a commercial perspective is that the medium reaches a very large audience, the ads are visible by all consumers all of the time, they can be placed anywhere and the medium itself is largely inescapable (Rosewarne, 2005). "You can immediately penetrate an entire market with it... There's no way to avoid it if you do a large enough showing" reasons a Warner Bros advertising executive (Gardner, 1999).

Outdoor advertising is strikingly different from other media in one essential aspect, namely, the medium does not circulate the message to the consumers but rather the consumers circulate around the medium. "The medium delivers its message to people on their way to work, play or shop" (Wilson, 1952). This medium also differs in that it targets an audience that is on the move and thus requires a special technique of presentation. Research has shown that the maximum number of words one can effectively use in outdoor advertising is seven (Business Wire, 2002) and as a consequence there is no room for detailed description. Rather, outdoor advertising serves best as a reminder that helps register the brand and to so attain a top-of-mind recall with the consumer when their wants need to be fulfilled (Lichtenthal, 2006).

The outdoor medium is one of the elder traditional media, but through the advertising history its role was that of a supporting medium. While outdoor is certainly an excellent support to other media, it has recently also proven itself as a powerful lead medium since it has the capability of reaching an audience on a market-to-market and even on a national scale. The medium has been energized in recent years by factors such as longer commutes, fragmentation of media, better audience measurements and technological advances. In fact outdoor is now the second-fastest growing medium in terms of ad spending, after the Internet (Case, 2006). The medium has evolved to the extent that it can be as valuable as some traditional forms of advertising like print, radio and TV advertising (Lichtenthal, 2006).

4.3.2 Predictions for the future of outdoor advertising

Digital Billboards, Laser Graffiti, Short-Form Advertising, Alternative Outdoor Media

The developments in technology have driven the ability to interact with the consumer in the outdoor space in ways that seemed impossible only 10 years ago. In fact, the liberal use of electronics has changed the nature of the outdoor medium itself. Nowadays the medium offers a completely new level of flexibility to ad-people. Billboards have become spectacular signs that look like giant screen televisions, some even with sound, and what is more, the signs have ceased to be a fixed screen

medium and have become one where advertisers buy time, instead of space. These digital billboards enable advertisers to rotate messages on a single board in the blink of an eye, remotely from a central location. Thus enabling them to target consumers when they are likely more receptive to the message. There are different types of digital billboards, such as "intelligent billboards" that detect leaking radiation from car antennas to calculate the most popular radio station and adjust their messages to suit the drivers passing by; "oscillating billboards" on top of buses that change messages as the bus moves from one area to another; and "sound enabled billboards" that come equipped with a motion-sensitive infrared device that can launch a recorded message or a jingle lauding the billboard's sponsor (Lichtenthal, 2006).

More recently companies have been experimenting with laser billboards and graffiti, converting the cities themselves into screens as the new media layers upon the built space in inventive ways. Nike for example launched a very successful campaign in Amsterdam, in which, a pair of shoes were projected to be running over the building walls from a moving van.

4.4 Print

Magazine and newspaper markets can be grouped together under the term "circulation industry" (Chaudhri, 1998) or more simply as "print media". The industry has two distinct but not mutually exclusive sources of revenue. These are the direct sales of the publication and the selling of advertising space. Abrahamson (1997) contends that "circulation levels increase the value of a given stock of advertising, thereby increasing its value to advertising firms". This in essence means that the more subscribers a publisher has, the more the publisher can charge for the advertising included in an edition. It is a circular logic, because by using advertising revenue to lower the cover price below publication costs and subsidizing readership, publishers can increase their circulation.

Most magazines contain both editorial and advertising content; the editorial product focuses on the reader's interests and communicates in a way that is both informative and entertaining. But the proportion of editorial and ad content varies between titles. Magazines such as Popular Mechanics and Cosmopolitan are comprised almost entirely of advertising content. While others such as National Geographic and The Readers Digest consist almost entirely of editorial content. This difference in the ratio of advertising quantity and editorial content is fed by competition in and across genres of the magazines content (Depken & Wilson, 2001). While some magazines are very general in nature (Time or Newsweek), others are very specialized, e.g. Guitar World and Men's Health. The generalization or specialization of information allows magazine publishers to differentiate their publications in editorial and advertising content and target different audiences (Depken & Wilson, 2001).

4.4.1 Newspaper's and magazines' ad potential

The first thing to note about the print advertisements is that they are reader paced (Lee, 2000) and require the active participation of its audience (Dahlén, 2002), none more so, than the magazine and newspaper advertisements. The difference with posters and billboard ads tends to be the fact that magazine and newspaper ads provide the opportunity for editorials. This means more text and thus product descriptions. Unlike advertising on TV and radio where a commercial is aired and then it is gone, consumers can examine advertising in the newspaper and in magazines at their leisure. A newspaper ad can contain details, such as prices and telephone numbers or coupons. However the print quality of newspapers isn't always the best, especially for photographs and graphic art. Magazine ads for their part tend to contain high quality illustrations and colour, and the ads in magazines tend to be more image-oriented and less price-oriented. From the advertiser's point-of-view, newspaper advertising can be convenient because production changes can be made quickly, if

necessary, and ad-people can often insert a new advertisement on short notice. Another advantage is the large variety of ad sizes newspaper advertising offers. Even though an ad in the newspaper must have a relatively decent size as the page size of a newspaper is fairly large and small ads can look minuscule. Magazine editions are usually published much less frequently than newspapers, but they tend to target the demographics more since, they tend to be more specialized.

When it comes to coping with the emerging technological developments, the newspaper industry has been hit hard. While it is now possible to print better quality newspapers, and to improve the colours used in these editions, the newspapers have suffered because of fragmentation. The magazine industry has had much less trouble coping, for the magazine industry has always been fragmented. This is the reason why technology has had less impact on the magazine industry from an advertising perspective as the industry was already catering to virtually any human interest imaginable.

4.4.2 Predictions for the future of print advertising

Digital Publications, Publication Websites

Newspaper is the medium that has been hit the hardest by the fury of the Internet, and as a result newspaper circulations have been steadily declining for a number of years. And yet the medium's overall readership is growing, especially with younger readers, when taking online newspaper sites into consideration. Newspaper publishers have been very successful at integrating their product on the Internet. In many cases, the online version of the local newspaper has the highest number of impressions of any content site for their defined area. According to the latest data from the Newspaper Association of America, newspaper Web sites contributed a 13.7 percent increase in total newspaper audience for adults 25-to-34. So while the printed editions of newspapers could soon be on the list of endangered species, the industry as a whole is already starting to digitalize, taking advantage of the immediate global coverage of the Internet.

Even though the printed newspaper has fared so poorly when it was confronted with the Internet, magazines disprove the fact that the printed media are doomed for extinction. Just like it was with the arrival of TV, when the world unjustly believed that books were a thing of the past, it seems that the print media, will and can survive the Internet. In the print industry it is the magazines that are leading the charge to this new interactive medium, taking advantage of the opportunities provided by the Internet, they have found success integrating their advertising campaigns so that their readers are driven to the Internet to respond, instead of just digitalizing their original product.

4.5 The Internet

Internet has unquestionably been the fastest-growing medium ever. The widespread adoption of this new medium in the mid 1990's provoked a good deal of excitement, and most of it is being carried over to the present time. It is still, after all these years, experiencing an exponential growth in the number of networks, number of hosts, and volume of traffic, and this trend will only increase as the medium becomes an undividable part of consumers' lives.

As the digital world continues with its seemingly unrelenting onslaught, consumers are increasingly starting to turn to non-traditional platforms as the source of their entertainment, news, social interactions, shopping and other daily activities. Not only has the Internet transformed its audience into more unpredictable and fastidious consumers, the medium also causes consumers to become much better informed, or at least, provides the consumer with formidable resources with which to become more knowledgeable. What is more, the Internet makes it much harder for companies to keep secrets. If a product has flaws, or if a service provided is sub-standard, chances are that the

news will appear somewhere on the net as a posting to a newsgroup or email list, and if this should happen, conventional PR, and crisis management techniques will be ineffective (Naughton, 2006).

The medium has become the new way to socialize, and its impact is so widespread that even dictionaries have been forced to adapt their content as new terms become mainstream. So is blogging, the "voice" of the new generation, and file-sharing is commonplace and hints at where the web is headed. The impact of the medium on advertising practises was immense from early on as the Internet opened new frontiers for advertisers and contributed to the "dot-com" boom of the 1990's. Back then, entire corporations operated solely on advertising revenue, offering everything from coupons to free Internet access. At the turn of the 21st century, the search engine Google can basically take all the credit for revolutionizing online advertising.

Google soared in popularity as a search engine in its early years, but the company had no meaningful revenue until the founders reluctantly started selling advertisements. Even then, Google approached advertising with the mind-set of engineers instead of ad-people, and the ads would "look more like fortune cookies than anything Madison Avenue would come up with" (Hansell, 2005). "Those little ads, 12 word snippets of text, link to topics that users are actually interested in" (Hansell, 2005). This emphasis on contextual relevance and unobtrusiveness, point out that these ads are intended to help, rather than inundate users and they have turned Google into one of the biggest advertising vehicles the world has ever seen.

4.5.1 The ad potential of the Internet

The Internet has several unique characteristics that distinguish it from traditional mass media. Some of the medium's most significant characteristics are its "always-on", easy 24-hour access to the most updated information, its global coverage, an unlimited amount and sources of information on products, brands or even competitors, its facilitating role in the ordering, customization and payment for goods, and the medium's ability to target specific groups or individuals. But what is so different about Internet advertising is that as a medium, it has fundamentally transformed the traditional source-oriented advertising paradigm (Pavlou & Stewart, 2000). The Internet offers a level of interactivity with the consumer that other media can't match (Saxotech, 2006). These interactive features enable a direct dialogue between customers and organizations beyond time and spatial restrictions. What this interactivity implies for the media audiences is that it empowers consumers with the ability to respond to a particular advertisement of their liking, thus shifting the balance of power from the marketer to the consumer. Unlike traditional advertising, interactive advertising must be selected by, rather than forced upon, the viewers (Winski, 1993).

Interactivity means a direct access between companies and their consumers, and this direct access has led to a more fragmented market and increasingly personalized messages, as advertisers are able to modify their messages to fit the consumers' specific demographics or stated interests. Internet companies like Amazon.com are already using early stages of this technique by recommending books based on customers' previous purchases and preferences.

4.5.2 What the future holds for Internet advertising

Streaming Media, Mass Collaboration and Social-networking, Blogs and Podcast, Secondlife, Advergimes

Broadband Internet connections are currently the rule rather than the exception, and this proliferation of high-speed Internet has ushered in a new era of online advertising. While the early days of the Internet seemed to be centred on improving ideas used in print advertising, this new era seems to

have television advertising in the crosshairs (Saxotech, 2006). The fascination that advertisers have had with the "rich media" of television is beginning to transfer to the Internet. As a result the video content distribution on the Internet has been increasing dramatically. And this increase of video in its turn is even changing the way in which consumers navigate the web. Only recently, consumers would jump from site to site in a short time span, checking their emails, reading latest headlines and checking their local weather forecasts. Video, however, keeps the consumer longer in one place and as a result the rules of dialog between advertisers and the audience changes.

For the last decade Internet advertising has been ruled by the search engine sector. But the search sector is quickly losing its dominant position to the streaming media and sites such as YouTube are rapidly becoming a powerful force in the media world. Everyday the volume of streamed media is increasing, and everyday, more consumers are making their use of streaming media a regular habit. "Video is the hot subject right now, whether it's playing online, on an iPod or a Sony PlayStation. In any meeting you go to, whether it's about new media or the future, everybody is talking about video" said Debbie Solomon, senior partner and group research director for MindShare (Haley, 2006). The streaming industry is however not without its oppositions, and the biggest controversy that faces this medium is one regarding the digital rights fees.

Yet while consumers continue to use online audio and video in record numbers, streaming accounts only for a tiny part of the profound transformation that the Internet is forcing on the relationship between the consumers and businesses. The keyword is "mass collaboration", for as the developments in the Internet have radically reduced collaboration costs, businesses and advertisers are forced to rethink their approach towards the consumer. Mass collaboration refers to the coming together of peers to create value, groups numbering in the thousands or even millions outside the bounds of traditional corporate hierarchies and supply chains (Adweek, 2007). Some well known examples are sites such as YouTube, MySpace, sites that have become known as social networking sites. Advertising on these social networks is however extremely messy as such endeavours tend to be completely dependant on word-of-mouth, and once an ad usually in the form of a video, is circulating, the creator has little control over its context or how it is used which means that such sites offer very little tolerance for failure. When it comes to advertising on social networks, the rules of entertainment, rather than advertising, often take precedence (Steinriede, 2007). This means that creating the appropriate content is just as important as creating a presence in social networks.

Yet, what is happening is once again much greater than just this so-called social networking. In fact, "mass collaboration is becoming a new economic mode, changing the way society organizes innovation, production and the creation of goods and services" (Adweek, 2007). Through mass collaboration, anyone with an Internet connection and a little motivation can participate in the economy like never before, and such groups are creating TV news stories, conducting science, remixing their favourite music, designing software, and even designing motorcycles. There is one example that will illustrate this point like no other, Wikipedia. Wikipedia is a collaboratively created encyclopaedia. It has not one owner but instead it is authored by tens of thousands of enthusiasts and even though it only counts 5 employees, it is 10 times bigger than Encyclopaedia Britannica and roughly the same in accuracy (Adweek, 2007). It runs on software that enables anyone with an Internet connection to add their views and to edit the content. And even though Wikipedia is engaged in constant battles with detractors and saboteurs, the online encyclopaedia continues to grow rapidly in scope, quality and traffic. So it is that currently the site runs in 93 languages, and of these, the English-language version only, already has more than 1 million entries. And so as Wikipedia proves that it is possible to create an encyclopaedia through mass collaboration, the implications of mass

collaboration for businesspeople seem staggering, provided that companies can find ways in which to tap into this new trend.

The millions of entries in Wikipedia point to one other trend apparent on the Internet. It seems that more and more people want to tell their stories and this phenomenon is a powerful force driving the new developments in the medium. The mushrooming of sites that enable video streaming, podcasting and blogging makes it appear that virtually everyone wants to be heard. In only three years from 2006 to 2003 the blog-sphere had grown to become 60 times bigger, with over 75,000 new blogs being created every day. A similar trend occurred with podcasting, as in the year 2006 only, the number of podcasters in just the U.S. doubled from 5 million to 10 million (Saxotech, 2006). As with other media, crafty advertisers have already found ways in which to take advantage of these developments. Referred to as the middlemen of the blog-sphere, some sites are facilitating payments to bloggers in exchange for posted reviews. Unheard of just 18 months ago, these sites that match bloggers with advertisers are rapidly growing in number. Through blog reviews, ad people have found a way in which to monetize their website traffic, a way through which to leverage what is being said about their product, a way to generate viral advertising and at the same time to gain some much needed feedback on how their products are faring in the marketplace. Blog reviews are "a creative way for advertisers to get content on an area of a Web page that is not a banner or a display ad but actual copy" (Schwartz, 2007). Many social networks also have forums or allow for users to comment on the content and it is only a matter of time before the podcasters will be engaged in advertising in some similar way.

Another phenomenon that is dramatically altering the relationship between businesses and the consumer is that of reality simulations. It started innocently enough over a decade ago with life simulations games such as *SimCity* by Maxis in 1989. And while originally game publishers did not believe that such games that could essentially neither be won nor lost, could be marketed or sold, Maxis went on to create *The Sims* which has become the best sold computer game of all times (Wikipedia, 2007). The ideas pioneered in *SimCity* have been incorporated into real-world applications as well and what is more, they have given rise to virtual communities, such as *Secondlife*, in which real world currency is exchanging hands. In *Secondlife* for example, users create their own on-screen graphic characters, called "avatars" or "residents," and visit this role-playing, interactive world almost as if it were a real place. People control these avatars in order to socialize. They attend virtual events such as art galleries and even shop using in-game currency that is bought with real-world dollars. Businesses in all industries, and their respective ad agencies, are trying to figure out how to leverage the popularity of these online virtual societies.

On a completely different note, marketers and advertisers have been adding a new twist to the once so popular banner ads by incorporating online advergimes. Through such games marketers take advantage of the recent popularity of the rich media in order to increase their consumers brand engagement.

4.6 Other

There are two practices that are not advertising media in the traditional way, but still have their impact on the sphere of advertising. Event-marketing and viral advertising have recently become the focus of great interest in the industry, as advertisers are starting to discover their potential as advertising vehicles.

4.6.1 Event-Marketing

First there was print, then broadcast, then cable, then it was the Internet that claimed the status of a full-blown advertising medium. Now it seems that advertisers are also starting to think the same way about events. Event-marketing was traditionally a practice that interested marketers only, but as a result of the many challenges facing traditional advertising media, the use of events in which companies have face-to-face contact with their target audience, and events in which consumers serve as the vehicle for advertising messages, have grown to become a valuable contributor to the modern advertising endeavours.

What ad-people have come to learn is that down on the ground, new technology has given low cost, face-to-face marketing campaigns a cutting edge. As a result of the growing popularity of consumer-generated pictures, videos and e-mail messages on Internet sites such as YouTube and MySpace, consumers are generating personal attention for the events in a scope that no advertising budget, no matter how large, can hope to achieve. Take for example advertising in and around key tourist landmarks such as Times Square in New York. "Times Square is becoming, in a way, a publishing platform... an army of tourists and residents are spreading advertisers' messages well beyond the borders of Manhattan, using their cell phones and video cameras as they walk through the marketing crossroads of the world," said Peter Stabler, director of communication strategy for Goodby, Silverstein and Partners, an advertising agency that is part of the Omnicom Group (in Story, 2006). Businesses are taking advantage of this pastime of tourists and residents by hosting elaborate events in such landmark locations, fully aware that those events are great fuel for footage. "Hosting events in Times Square is like buying product placement in a TV show or a movie, except the cameras are held by consumers and the placement is on the Internet" (Story, 2006).

4.6.2 Viral Advertising

It should be ironic that in this age of high technology, the most revolutionary of new media, viral advertising, builds directly upon the premises of the most ancient and low-tech advertising practice, that of word-of-mouth. But the advertising industry is rife with contradiction and its development is spearheaded by rewriting the rules, lowering the costs and engaging the consumer, and so it seems reasonable that advertisers would eventually hit upon the goldmine of social interaction. A quick glance at the development of the different media in this past chapter shows a trend towards consumer centrism. Within that sphere, it could have been predicted that advertising's newest secret weapon, the revolutionary viral advertising, would draw its force from tickling the consumers' attention enough to get them to talk about the product and thus become the tool for advertising themselves.

Viral advertising has been generating a lot of excitement recently. The reason is simple. When done right, viral ads can generate attention, in a scope that no other media, no matter the budget, can hope to accomplish. Viral advertising is for example what makes a television ad, or an event talked about long after it has ended. It refers to a very specific type of word-of-mouth communication about a brand or product that if successful, leads to an explosive self-generating demand (Dobele, 2006). As evidenced by all the success stories, viral advertising is about standing out and about generating that elusive, ineffable quality known as "buzz". "Successful viral ads will be stuffed with jokes, music, stars acting silly, animals acting like humans, more special effects than King Kong and more surprise endings than an anthology of O. Henry stories" (Elliott, 2006).

The standard viral advertising model is based on an analogy with the spread of infectious disease. It assumes that advertisers start with a small number of people to seed their idea, product or message, these individuals spread the message by infecting their friends. In a successful campaign each person

who gets the message will, on average, spread it to more than one additional person, who then does the same thing, and so on, leading to exponential growth in the number of people who receive the message, an epidemic (Watts & Peretti, 2007). "When viral ads work, they are hailed as brilliant and revolutionary. And when they flop, they become the dull thud heard round the world" (Case, 2007). Unfortunately, the number of viral campaigns in which advertisers can sit back and watch as their message spreads effortlessly to reach millions, is very small, for every high-profile example of a successful viral product (Philips' Norelco men's body groomer, Burger Kings' subservient chicken, and the YouTube stunt of lonelygirl15 confessions) there are many more attempts that fail, or even worse, that backfire such as the Sony PSP failed viral tactics. Sony Computer Entertainment America hired a "consumer activation" firm Zipatoni to create a false podcast-and-blogging approach to generate interest in their flagging PlayStation Portable handheld machine. The podcasts and blogs featured people feigning to be authentic PSP fans creating endorsing messages for the console, but the ploy was quickly uncovered as a superficial smokescreen shielding mouthpieces for the corporation, in Sony's own words "Guess we were trying to be just a little too clever" (line from the press release on the Sony website, this comment was however removed from the site shortly after, most likely in a crisis management attempt).

Successful viral advertising depends on consumers perceiving value in the ad and deeming it worthy of passing on to others without feeling as though they are being used in the process. The mechanism of spreading such ads comes down to Maslow's (1943) hierarchy of needs, which states that everyone wants to feel a sense of belonging and feed their esteem needs. One way to enhance one's personal image is to be the first to pass along a particularly funny, interesting or unique viral message. The difficulty for Advertisers lies in reliably designing messages to exhibit viral properties and in predicting which particular individuals will be responsible for spreading them (Watts, 2007). In viral advertising, the ad people have to deal as best as they can with the loss of control in an environment where the consumers themselves are the new media, for one thing advertising people are often relegated to the role of bystanders in this merciless viral environment.

To complicate matters even more, viral advertising is not restricted to any one media, but in truth it operates somewhere beyond and within the media. While the Internet indisputably plays a crucial role in the world of viral advertising, by offering an easy, affordable and hitherto unavailable distributions channel. All the media, traditional and not so traditional, are getting a piece of it. Think back to the Sony Bravia television campaign, the one with ten thousand coloured bouncy balls springing down a San Francisco street. This is a classic case of the modern integrated media ad-campaign, where advertisers converted the production of a 30 second television ad into a 20 minute "making of"-type documentary, one where the shoot itself served as event-marketing, and one where all the separate parts came together spawning a free viral campaign as consumers uploaded videos on YouTube and talked to great length about the overall experience.

There is true value to viral advertising, as it offers three inherent advantages to businesses that are successful in implementing such campaigns. First, viral campaigns incur very little expense since the individual passing on the referral carries the cost of forwarding the brand message. Second, the act of forwarding the ads is voluntary rather than a paid testimonial or a mass campaign and thus may be viewed more favourably by the recipient. Third, those forwarding the messages will be more likely to know which of their friends, family members, and work colleagues have similar interests and thus more likely to read the message, hence, more effective targeting. However business must tread carefully when employing viral tactics to generate interest in their brand. Like blogs and other social software, viral advertising relies upon the trust of the reader, and so transparency is key in viral

advertising. Bad fakes can be spotted a mile away, and good fakes often get found out with a fanfare of negativity.

Considering the loss of control and all of the arguments above, one question rises when it comes to opting for viral advertising. Can a Brand afford not getting positive word of mouth? If the sage wisdom of sayings can be depended on then "no publicity is bad publicity" and "bad publicity is better than no publicity at all", might be taken to mean that an indifferent response is the only end result that is not tolerated in viral advertising.

4.7 Implications

4.7.1 Factoring in the Media Interaction Cycle

The Media Interaction Cycle holds that "old" and "new" are not mutually exclusive categories but rather represent a continuum in which the media draw upon formats derived from earlier technologies, in which media develop creative new tools to solve problems which are perceived to be exclusive to the new medium and where new ideas and methods invented for the new medium come to be applied to traditional media. What becomes clear from the analysis of the individual media is that these phases of the cycle often occur simultaneously within each medium. So had Television, in accordance with the "Transference Phase" of the Media Interaction Cycle, embraced radio's practice of advertising in-between shows, and even interrupting shows for ads. And yet while TV is by no means a "new" medium, TV advertisers are still dabbling in the "Exclusivity Phase" and looking for unique ways to make the most of television's vivid capacity for transporting emotions, most recently by creating increasingly sophisticated content that has the same production values as film (Adams, 2004). At the same time, as is prescribed by the "Recurrence Phase", the newer media have come to realise the enormous potential that TV's media richness represents, and they are attempting to translate the practices of TV and make them their own. On the Internet this is reflected by a dramatic increase in video content distribution and this increase of video in its turn is even changing the way in which consumers navigate the web. Video keeps the consumer longer in one place and as a result the rules of dialog between advertisers and the audience changes. Event-marketing is also feeling the effect that media richness can bring, for as a result of the growing popularity of consumer-generated pictures, videos and e-mail messages on Internet sites such as YouTube and MySpace, consumers are generating personal attention for the events in a scope that no advertising budget, no matter how large, can hope to achieve.

The development of a medium and advertising are intimately connected, for advertising ideas and practices, are contingent upon the development of new media types and at the same time, ad-people participate in the development of the new media. In practice this intimate relationship, and the interaction cycle in the development of media has been known to create unlikely hypes in both advertising practices and the media environment. In an example that is being played out as we speak, viral advertising has been heralded as the newest of "new" media, and it should be ironic that in this age of high technology, this the most revolutionary of new media, builds directly upon the premises of the most ancient and low-tech advertising media, that of word-of-mouth. But the advertising industry is rife with contradiction and its development is spearheaded by rewriting the rules, lowering the costs and engaging the consumer, and so it seems reasonable that advertisers would eventually hit upon the goldmine of social interaction, even if this means building back from a medium that dates back to prehistory.

4.7.2 Emerging trends

The present environment is replete with debate and speculation about how rivalry among the media will reshape ad world in the future. Yet for those who look close enough there appears to be a

number of emerging paradigms that are already starting to dictate how the developments in the media will shape the future of the advertising practices.

For one there is a clear trend towards targeting specific audience demographics and specific geographic regions. The fact that the big broadcast networks can no longer deliver the mass audiences necessary to justify the huge investments in mass media advertising, has led to increasingly personalized messages, through which advertisers are able to modify their messages to fit the consumers' specific demographics or stated interests. This practice of altering the advertising messages around the consumers is referred to as "consumer centrism" as messages are no longer broadcasted down to the mass but scaled down to feel personal. "Think global, act local" is a phrase that has been much used by large corporations and it seems that advertisers too are starting to acknowledge their audience's local cultural sensitivities. Accordingly, the emergent digital media such as iTV offers increasing opportunities to address people in a way that is genuinely personalised.

Another paradigm that is emerging is that of media multitasking. Though it is not a new idea, this trend reflects a vital adjustment over the past decade thanks to an increasingly fragmented audience that can no longer be reached through one single medium. Although the effects have not emerged overnight, factors such as digital video recorders and perhaps the Internet itself have created a landscape where traditional vehicles such as television and print ads are not enough, depending on the demographics an advertiser seeks. As technologies such as ad-skipping devices are making a significant impact on the dominance of the 30-second spot, the way is being cleared for the progressive growth among non-traditional media as advertising vehicles. What is happening is that advertisers and marketers alike are coming up with complex integrated marketing communication (IMC) strategies in order to reach their audience. The resulting environment is one where the ad people seem to be flocking around the consumer at any opportunity they can think of. This is leading to a complete sensory overload, as advertisers attempt to make their myriad of messages heard in all the commotion.

The ad-skipping technologies together with interactive media such as the Internet have another consequence. In essence they hand over the control to the modern consumers. These technologies force ad agencies to entice the consumer to tune in for the advertising messages themselves and make of their audience more unpredictable and fastidious consumers that are much better informed. What is so characteristic of the current ad world is that the audience is no longer captive and they are well aware when they are being advertised to, but still they invite you in anyway (or not) because they want to be entertained. Some are calling the modern in control and well informed consumers, the new *generation Y*. "This younger generation has a filter mechanism," observes Jim Lentz, group VP of advertising at Toyota Motor Sales USA (in Rose, 2004), "they can be doing their homework, listening to music, watching TV, on the PC, and on the phone, all at the same time. You assume they are just fooling around - but they are not... they have a total ability to block out anything they don't want to get through". Rose (2004) explains that this ability to focus is governed by a complex neural network called the reticular activating system, which filters sensory input to keep the brain from being overwhelmed. It seems that as the modern human is growing up in an "always-on" world this system is adjusting to cope. From an advertising standpoint, this evolutionary fine-tuning is seriously worrying.

One concept that jumps out more than any throughout the media both, the new and the traditional is that of "engaging" the consumer. Though the practices vary, the general idea is one of "brand democratization". The exceptional thing about brand democratization is that they make the audience participants, and not just viewers. Instead of persuading consumers to tune in to the ads, ad people are convincing consumers themselves to bring the message to the audiences and in more extreme

cases the advertisers are even creating incentives through which the consumer is encouraged to participate in the creation of the TV ads themselves. As audiences spread the message and actively participate in advertising, the result is mass collaboration advertising that is generating personal attention for the brands in a scope that no advertising budget, no matter how large, can hope to achieve.

What does this all mean? Or more concretely, what is the emerging trend for the future of the advertising industry? In finding the answers, two interrelated concepts unquestionably take the centre stage: "consumer centrism" and "consumer engagement" and these concepts in turn are intimately connected with the new experiential hype that seems to be steering the future of the advertising industry and which will be investigated in the next chapter.

5. Experiential Advertising

"Engaging consumers these days... in their minds, in their hearts, in their heads... takes more than advertising on a special event to a large audience,"
- Robert Passikoff (in Elliott, 2006)

The media fragmentation and the integration of the emergent media in the everyday lives of consumers have changed the way in which advertisers and businesses connect with their modern audiences. As a result, advertisers have been forced to drastically change their tactics. Once advertisers bombarded their *consumers* with messages, but recently they have changed this approach to that of that of creating value for *people* that extends beyond the immediate moment of consumption, through experience-based advertising. This type of advertising derives its strength from the fabrication of experiences that drive brand strength and product sales, experiences where the effective use of relevant and powerful cultural references and personal interests take a front seat. Simply put, each person's life becomes a commercial market, and in this situation, advertising's fundamental mission becomes the enrichment of the consumer experience.

Consumer centrism. Consumer engagement. These two concepts truly are the mantras that dominate the attention of the ad industry's top creative minds at the moment. It has even come so far that this year, 2007, the judges of the various award shows crediting ad entries that inspire and engage, such as the International Andy Awards, the One Show, the Clio Awards, the D&AD Global Awards and the ADC Awards have reached a rare consensus: The most exciting work is being done in the arena of the integrated campaign. To them it has become clear that the traditional product value proposition is no longer adequate for reaching consumers or creating significant differentiation. In order to maintain their competitive edges, businesses must facilitate the enhancement of a seamless total experience for consumers. "Judges (of the advertising awards) are most interested in brands that are having a dialogue with people," says Jose Molla, Creative Director of La Comunidad in Miami, recent judge of the Andys and D&AD (in Parpiss, 2007), "The old monologue model is obsolete". But, just maybe, this widespread consensus should not come as such a surprise, as the analysis in the previous chapter quite irrefutably indicates that fragmented media, clever and articulated consumers and the rise of freethinking and savvy audiences, are factors that have helped create an atmosphere in which advertising's fundamental mission has become the management of the consumer experience (Pralhad and Ramaswamy, 2004). "For better or for worse, the 21st century marketplace has changed strategies from selling products and services to selling consumer experiences" (Tsai, 2005).

5.1 Understanding the Consumer

An engaging customer experience requires a thorough understanding of cultural trends, customer needs, and knowledge of what is coming in the future. This is based on an old rule of rhetoric that states you cannot begin speaking until you know *who* you are speaking to. Thus before getting overly excited and jumping blindly into the fabrication of "enriching experiences" it might be wise to first place the "consumer experience" concept into a more practical theorization, and as usual researchers provide plenty of assistance, albeit, seemingly in their own incomprehensible dialect.

Consumers nowadays purchase a product not only for its functionality, but also for excitement, fun and enjoyment. In fact as far back as 1974 McGregor (1974) identified that in the up till recently generally neglected experiential view, the criteria for successful consumption are essentially aesthetic in nature and hinge on an appreciation of the product for its own sake, apart from any utilitarian function that it may or may not perform. "Thus, the processes of experiential consumption are like the

appreciation of art, emphasising the nature of the product or service without regard to its functional utility" (McGregor, 1974).

Back in 2000, Holbrook already proposed that consumers increasingly want and expect happy adventures and enjoyable experiences when employing the products. He goes on to suggest that experience orientation is becoming mainstream. Schmitt (2003) gets a step further and proposes that there are five experiential components of consumers (sense, feeling, thinking, acting, and relating) that form the base for the holistic consumer experience. Moreover, the empirical research of Dube and Le Bel (2003) confirm that consumers classify pleasurable experiences into four possible types:

1. Sensory (or physical) pleasure that is chiefly born of the pleasant sensations induced during the experience;
2. Social pleasure derived from one's interactions with others (or lack thereof, as in the pleasure of solitude);
3. Emotional pleasure borne of feelings, ideas, or mental images;
4. Intellectual pleasure from appreciating the complexities and subtleties of things around the consumer.

A much quoted illustration of how one product can incorporate these types, is the consumption of a bottle of Moët and Chandon champagne (Tsai, 2005). A person could drink a bottle of Moët and Chandon champagne solely for the sensorial experience it evokes (the refined taste, the slight tingle on the tongue, etc.), yet the same bottle can also be drunk in the company of friends and so facilitate social pleasure. Enthusiasts could read through the origins of the champagne thereby conjuring up a mental picture of nostalgic "good old times" that elicit an emotional experience. Adding expertise and knowledge about the champagne, the consumer experience turns into an intellectual undertaking to appreciate the subtle aromas and the winemaker's craftsmanship.

5.2 Creating Experiences

Businesses are currently experiencing an unprecedented need to unleash the emotional power of their brands. The reason is that in our current media landscape the range of products available are not unique for long, and paradoxically, the rapid developments in technology have led to it that the consumer's choice is actually far less as products are quickly upgraded to contain the (same) latest innovative snuffs. There is one thing that distinguishes the leaders from ever more look-alike, feel-alike and do-alike brands, and it is the emotional experience of the consumer. Take for instance the difference between an Apple iPod and a Samsung Yepp, both MP3 players, functionally they play the same amount of music and boast of equal portability, and yet the more expensive iPod is the unchallenged segment leader. According to Pierce (2007) "the distinction lies in the emotionally inspiring elegance, hipness and simplicity iPod fans pay a premium to have". What Apple offers to the consumer is not much different than that which is offered by most portable music player manufacturers, including Samsung, the crucial distinction lies in the immersive sensorial experience that surrounds the Apple player.

In 1993, Pine and Gilmore were the first to formally announce the arrival of a new experience economy era, as a time that requires a new philosophy of marketing that prioritizes the consumer's experience of product brands. This mindset offered a fresh alternative to the traditional marketing concept that placed emphasis solely on consumer satisfaction. In the old days, businesses generally first thought about the product and then worried about the advertising (Snoddy, 2005). But by 1993 the media landscape which consumers had to face diversified. The lines between advertising and

entertainment had become increasingly blurred and advertisers were struggling to find new ways of connecting with their audience. In the present experience economy era businesses and advertisers are concentrating much more on the direct experience of consumers. More than ever advertisers are faced with the challenge of seducing their audience through unique and enjoyable experiences, in order to engage and enhance the commitment of their consumer base.

As McCole (2004) summarizes, the crux of the experiential advertising paradigm lies in extending the concern of marketers beyond the realm of consumer satisfaction into that of attaching the consumer experientially to the product. "What people do is geometrically more powerful than what they are told," said Brian Collins, chief creative officer of Ogilvy and Mather Brand Innovation Group, a part of the WPP Group (in Story, 2006) "... feeling something, picking it up in your hands, walking into an environment is a far more powerful brand promise than anything you are simply told through traditional media alone". Experiential advertising goes much further than just handing out freebies. In experiential advertising, ad people make use of every resource at their disposal to reach visitors through all five senses. On the one hand experiential advertising can be seen as a live interaction to communicate a brand's personality by enabling consumers to see, hear, touch, feel and smell the brand, and on the other it is an intimate interaction with consumers that adds layers of emotional brand experience above and beyond the physical product. The general proposition is that experiential advertising results in emotionally engaged consumers, bringing about an emotional engagement that leads to loyal consumers and in some cases even to habit-forming.

Experiential advertising is similar to viral advertising only in so far they both contain a "buzz" element. The ambitions of experiential are on a much larger scale than that of viral advertising. For, while it is the not always so secret hope of experiential advertisers that by involving people in an unforgettable experience, something far more likely to register with media-saturated guys than traditional advertising, they might break through the consumer's filter mechanism, and so transform one person's personal experience into a viral campaign. The emphasis of experiential is on staging an actual "experience" where consumers can learn about, sample or become emotionally engaged with the brand. "The best experiential advertising takes all the principles of the best advertising, pure entertainment that happens to be brought to you by something you can buy, and amplifies it in the real world" (Claire Beale, The Independent London, 2007).

Experiential ads in themselves, it can be argued, won't touch enough people to make a significant difference to key business drivers such as sales and brand equity. The underlying "relationship mentality" that instigate experiential ads is simply the result of a growing trend, where ad-people try for a more intimate dialogue with consumer. In Experiential Advertising the crucial measure is no longer the reach, but the rate of conversion. By creating true dialogue about the value of the brand and fostering an emotional attachment to the brand, advertisers create personal connections that are difficult to emulate in other advertising experiences (Rose, 2004). By favouring quality over quantity, experiential activities aim to change the opinion of a smaller pool of people, but to change them in a deep-seated way.

5.3 What Has Been Done on the Experiential Arena

Experiential advertising is the new hype and it has therefore been defined in many a way by many a people, and yet because of the nature of experiential, these definitions are pretty much useless. The thing is that these definitions are in fact nothing more than prettily worded descriptions of the *goals* of experiential advertising (engagement, dialog, commitment), and divulge nothing constructive for the fabrication of actual campaigns. It makes sense. Good advertising is all about coming up with new

ideas and catching the consumers off guard. While integrated marketing campaigns are all the rage, every medium in the mix has its own restrictions and the options are thus regulated, that the individual ads that form such a campaign are restricted to a single medium. The difficulties that come into play with experiential, is that experiential ads attempt to engage all of the senses, and therefore function beyond and within media. It would be far beyond the scope of this study to attempt a classification of characteristics that make for successful experiential ads. What is more, such a classification would most likely be counterproductive as it may only result in curbing creativity. So this chapter will instead be dedicated to illustrating what experiential advertising has looked like up till now through a number of telling examples.

Probably the greatest success story of the experience economy is Starbucks, the speciality coffee franchise that is considered one of the most admired companies today. "Based on the experiential advertising paradigm, the company has successfully turned a pedestrian commodity into a Starbucks lifestyle experience, in which the coffeehouse becomes a gathering place. It is not just a shop that offers gourmet cups of coffee, but also a centre for socializing and intellectual discussion, particularly among students and young urban professionals" contends Tsai (2005). Through the experiential advertising paradigm, Starbucks has managed to grow from a single store in Seattle 33 years ago to 13,998 stores in 40 countries (including licensed stores).

In 2005, Black Tower Home Security successfully blended a sociological experiment with experiential advertising, by hanging a low-dangling billboard that contained no text, but was covered with everyday items, such as mirrors, slippers, pillows and picture frames. Within 48 hours, people had looted so much booty that the brand's message behind it was revealed: "People Steal". In May 2005, Nike created a 23-story high interactive billboard on New York Time Square that let passers-by temporarily control a billboard to design and buy a self-customized shoe with their mobile phones in real time. In order to promote a new line of camera phones, Sony Ericsson hired actors to pose as tourists and ask people to photograph them with the phones.

Early in 2007, Absolut Vodka kicked off an experiential campaign under the motto "The new taste of temptation is here. Touch to meet Absolut Pears". The effort featured 2,800 rich-media jukeboxes that were placed in bars. Through touch-screen technology, the jukeboxes enabled consumers to get more information on Absolut Pears at a micro-site, which includes video recipes for five different drinks made with the vodka. "You are basically engaging consumers at point of sale and giving the consumer the opportunity while they are interacting with the brand to have drink ideas from the place where 30 seconds later they are going to place an order," said Micah Berek, brand manager at Ecast (in Morrissey, 2007). The campaign ran in nine major U.S. cities over two months and is expected to have reached 40 million bar patrons.

In April that same year Carlsberg used city littering as an original way in which to promote their beer. A total of 1,500 UK pounds, in bills of tens and twenties were scattered throughout the London streets with little stickers on them that read: "Carlsberg don't do litter, but if they did...". In advertising you don't get much for such a modest amount, and yet for their 1,500 UK pounds, Carlsberg managed to make 100 or so Londoners happy and got some nice PR.

Adidas is one company that has mastered experiential advertising in the outdoor realm by taking advantage of the street to the fullest, and yet, in such a way that the ad fits the brand perfectly. In 2003, Adidas launched a human billboard campaign in Tokyo, by dangling two football players from a 10 story building, in front of a football field backdrop, while having them participate in a midair football match. The interesting thing was that there was no announcement system calling the

attention of passers-by. Instead, the stunt just kind of caught on as a few people began to notice the action at which point of course the camera phones came out. The stunt was a success as it not only stopped sidewalk traffic but the story was distributed through the Associated Press newswire globally. It spawned numerous public relations efforts as major news organizations throughout the world covered it and people all over the world learned of it. This was clearly more than just two poster sites in Japan. In yet another masterful move Adidas Germany successfully turned the tables on the consumer, when they launched an experiential campaign to promote their new shoes, Adicolor. The campaign started when Adidas put up a series of white posters that were branded with the Adidas logo, these posters subtly encouraged people to tag the billboard through writing and graffiti, and essentially ruin it. But then, days later, Adidas came back to those same ads and placed another poster over it. The new poster featured the Adidas Adicolor shoe, now with the original tags from the previous poster incorporated into the show design.

In the above cases, experiential advertising was either used to launch new products or increase sales. But while emotionally appealing brand experiences can open up new categories and create growth, they also can resurrect markets once surrendered to the history books. Take for example the tired, declining entertainment section of the circus. Through experiential engagement, the Cirque du Soleil is redefining the circus into a multimillion-dollar business noted for double-digit growth, high margins and loyal customers by transforming the traditional circus into an experience of theatrical, fashionable and sexy performance spectacles evoking an array of inspiring, unforgettable and inimitable emotions (Price, 2007).

6. Conclusions

"For better or for worse, the 21st century marketplace has changed strategies from selling products and services to selling consumer experiences"

- Shu-pei Tsai, 2005.

The world is undergoing a period of unprecedented accelerated technological innovation and these innovations have led to the demise of advertising as historically practised, and created a whole new way of communicating with potential consumers. On the one hand this technological revolution has brought about an increasing fragmentation in the media industry that is being driven mainly by the evolution of communication technology. On the other hand the rapid developments in technology have led to it that the range of products available are not unique for long, and paradoxically, that consumer's choice is actually corroded as products upgraded at a fast pace. The urge to incorporate the latest innovative snuffs makes it difficult for products to distinguish themselves from ever more look-alike, feel-alike and do-alike brands.

When it comes to determining what the impact is of media fragmentation on the advertising industry (research question 1), the foremost question is which of the emerging technologies has the ability to incorporate itself into the consumer's daily life and how the traditional media can adapt to the changing environment in order to maintain any kind of competitive position. Fragmentation in the media industry has led to it that consumers are seeking content across an expanding array of transmission media, interactive platforms and devices. Nowadays, advertisers need a veritable technology armoury if they have any hope of competing, while advertising agencies need to buy and manage ad space over a much greater number of channels. "The challenge for advertisers is that the equation is additive," said one respondent to a survey by the American Advertising Federation (2004): "You can't eliminate a medium; you really need to be everywhere the consumer is". To complicate matters even more, over the last few years, there has been an increase in the use of non-traditional, new or "alternative" media vehicles to get advertising messages out, so that the challenge for advertisers is no longer to just produce the most creative and original TV ads and posters, but to advertise on entirely new platforms.

Media fragmentation has led to it that the manner in which people consume media and come in contact with advertising messages is changing drastically. The time has passed when television and radio programmers enjoyed captive audiences who happily sat through ad after ad, or planned their schedules around favourite shows. Looking back, the most astonishing thing about the old broadcast-dominated world was how successful it was for so long in keeping billions of people in thrall. Networks could pull in audiences in the tens of millions for successful and popular broadcasts, and pitch their advertising rates accordingly. That is not to say, however, that traditional media have become redundant as advertising vehicles. There is definite value in traditional media. Take for example outdoor advertising, the medium reaches a very large audience, the ads are visible by all consumers all of the time, they can be placed anywhere and the medium itself is largely inescapable. While it is true that the traditional form of broadcast will lose its dominant position in the ad world, it will continue to exist, if only for the simple and very good reason that some events are best covered using a few-to-many technology. "Only a broadcast model can deal with something such as a World Cup final or news of a major terrorist attack... when the attention of the world is focused on a single event or a single place" (Naughton, 2006).

One of the most redefining outcomes of media fragmentation for the ad industry is that the power has been shifted from the advertisers and businesses, towards the consumer. Media fragmentation

has led to an increase in the consumers' options, and because of fragmentation, advertisers now face a new kind of audience, a critical fastidious consumer base whose expectations are getting harder and harder to meet and whose attention span is getting shorter by the minute. What is more, because of their intense exposure to advertising messages, consumers have grown quite adept at ignoring advertisements in whatever medium they are presented. Consequently, the traditional advertising methods are growing more and more ineffective and often do not get the desired results. To complicate matters even more, over the last few years, there has been an increase in the use of non-traditional, new or "alternative" media vehicles to get advertising messages out so that the challenge for advertisers is no longer to just produce the most creative and original TV ads and posters, but to advertise on entirely new platforms. Lastly, because of media fragmentation and the ensuing multitude of communication devices, consumers are no longer constrained by place, and time sources of information have become available on demand, all of which has led to an environment where advertisements are no longer involuntary and intrusive but voluntary and sought out.

Even throughout this study the clichés have been repeated over and over: competition for commercial cut-through is fierce, ad avoidance is easier than ever, it's no longer enough to shout, and we'll continue to see the proliferation of the anytime, anywhere phenomenon as devices get stronger, more portable, as battery life gets better and network connections get faster. Yet for those who look close enough there appear to be a number of emerging paradigms that are already starting to dictate how the current developments and trends in the individual media are starting to affect each other and the advertising industry (research question 2).

Supported by the emergent media, there is an apparent tendency towards targeting specific audience demographics and specific geographic regions. The fact that the big broadcast networks can no longer deliver the mass audiences necessary to justify the huge investments in mass media advertising, has led to a "consumer centrism" in advertising, in the form of increasingly personalized messages, through which advertisers are able to modify their messages to fit the consumers' specific demographics or stated interests. Media multi tasking is another emerging practice and while it is not a new idea, this trend reflects a vital adjustment over the past decade thanks to an increasingly fragmented audience that can no longer be reached through one single medium. And as technologies such as ad-skipping technologies are making a significant impact on the dominance of the 30-second spot, the way is being cleared for a progressive growth among non-traditional media as advertising vehicles. The ad-skipping technologies together with interactive media such as the Internet have another consequence. In essence they hand over the control to the modern consumers. These technologies force ad agencies to entice the consumer to tune in for the advertising messages themselves and make of their audience more unpredictable and fastidious consumers that are much better informed. What is so characteristic of the current ad world is that the audience is no longer captive and they are well aware when they are being advertised to, but still they invite advertisers in anyway (or not) because they want to be entertained. Not unrelated to this is realization of the power of the consumer, is the novel attitude towards "consumer engagement". Though the practices vary, the general idea is one of "brand democratization". The exceptional thing about brand democratization is that they make the audience participants, and not just viewers. Instead of persuading consumers to tune in to the ads, ad people are convincing consumers themselves, to bring the message to the audiences and in more extreme cases the advertisers are even creating incentives through which the consumer is encouraged to participate in the creation of the TV ads themselves.

To bring it all together the question that is still pending is what the main implications are of these trends for the future of the advertising industry (research question 3). These trends indicate that it has become clear to ad people that the traditional product value proposition is no longer adequate for

reaching consumers or creating significant differentiation. As a result, the old “telling and selling” advertising mindset has uncompromisingly been replaced by “consumer centrism” and “consumer engagement” strategies. Where once, advertisers bombarded their *consumers* with messages, recently they have changed this approach to that of crating value for *people* that extends beyond the immediate moment of consumption, through experience-based advertising. This new approach heralds the arrival of a new experience economy era, an age which requires a new philosophy of advertising that prioritizes the consumer’s experience of product brands. In the present experience economy era advertisers are faced with the challenge of seducing their audience through unique and enjoyable experiences in order to engage and enhance the commitment of their consumer base. In order to maintain their competitive edge in the new economy, businesses are attempting to fabricate a seamless total experience for their consumers. In accordance with this, the analysis of the individual media developments gives evidence to the fact that fragmented media, clever and articulated consumers and the rise of freethinking and savvy audiences, are factors that have helped create an atmosphere in which advertising’s fundamental mission has become the management of the consumer experience.

7. DDB Philips Account

"Simplicity is..." - Campaign Slogan for Philips CE

7.1 Relevance for Philips

Once upon a time, it was alright for businesses to define their course under one broad direction. Philips did it with their old *"We Make Things Better"* slogan. But as advertisers and companies have become aware of the need to align their messages around a specific target audience in order to get their message through to their consumers, they have started to reposition their brands around one core concept. Philips applies a humanistic approach to technology and their repositioning aims to give customers a distinctive image of a sharper, more focused enterprise, which is held together by a common drive to deliver intuitive end-user experiences. In this repositioning the new brand promise evolves around the concept of "Sense and Simplicity". The core idea is to allow consumers to benefit from the sophistication of technology without dealing with the complexity behind it. Philips is not the only technology company to grasp the need for simplicity, but Mr Gerard Kleisterlee, President and CEO of Philips (Götz, 2004), believes that Philips is the first to declare their intent to take action "Others may aspire to be more fashionable, more cool. Our route to innovation isn't about extra complexity; it's about simplicity which we believe will be the new cool."

But in order to stay competitive, even giants like Philips, and especially consumer electronic developers like Philips, must capture the attention of consumers that have become more experienced and sophisticated when it comes to technology. These same consumers, besides having become better informed, more adept and therefore less intimidated by technology, are also disenchanted with advertising. They are now increasingly skilled at ignoring advertisements in whatever medium they are presented. If Philips hopes to be noticed, and wants to avoid finding its pitches drowned out in a sea of noise generated by countless other advertisers who are trying to do the same thing, it must find a way to engage prospects and its consumer base in the current maelstrom advertising and media environments. This makes it imperative that the company understands the implication of media fragmentation and departs from a thorough knowledge of past and ongoing developments in the media industry and the trends for the future of advertising. Philips, then, as an indispensable starting point, should have a good diagnosis of the present situation, a clear assessment of the current impact, and an understanding and forecast the future effects, certainly in the near future. That is precisely what this report has done. In a way, then, the preceding chapters are responding to that first and foremost insight both at the level of individual media as the whole realm or media in general. Insight in past, present and future developments, however, is not the monopoly of a single company, no matter how huge and ramified. That makes the task even more urgent, especially when taking into account the impressive stunts that Philips' direct competitors in consumer electronics Sony (Bravia), Samsung and Apple are coming up with.

As advertising clients go, Philips is more conservative than average. Yet while Philips' message must remain faithful to the guiding principle of Simplicity, this does not mean that the way in which it delivers the message must be safe and uninspired. In fact, Philips' inspired viral campaign for the Norelco Body Groomer was a stunning success. It helps that Philips boasts of a range of exciting products such as the Ambilight television and the TrueColors lamp, because believability and transparency are highly regarded in the current advertising environment. After all, "the magic is in the product" (Bernbach, 1989) and transparent advertising doesn't lend for the invention of product advantage; it can only convey it.

7.2 Strategy Proposal & Implementation

In addition to the overall diagnose and forecast for the media field, there is still one specific question pending in this study's research objective. To the last research question (**RQ 4**) "*What are the implications of these trends for the Philips account strategy of DDB in particular?*" the answer is as follows.

The Philips's team at DDB is involved in extensive market research and knows its target demographics intimately. Yet in this current experience economy, it is no longer enough for Philips, and DDB to just know its target audience, they must also understand that the modern consumer not only wants, but expects companies to get genuinely personal. And for the account strategy this means seriously rethinking their current practice. Like most companies, the current Philips' advertising strategy is in effect limited to the production of Hollywood calibre television ads, the other media used in the Philips campaigns serve mainly as a support for these 30 second ads. So do the websites, for example, function as customer care tools instead of advertising instruments in their own right.

This television centred strategy might have been effective back in the days, but as this study indicates, the traditional form of broadcast has been losing its dominant position in the ad world because the way that people consume media is changing. While Philips on occasion attempts to break with its conservative nature, and become more daring in its messages, such as with the Aura and Ambilight campaigns, it does so only within the media capabilities of television. This strategy will no longer hold in the current environment, *and if Philips wants to compete, it must leave television as its anchor medium, and experiment with other media to find ways in which to advertise in a truly personal manner.* Fortunately, most of the emergent media increasingly offer roads in which to address the demographics in a way that plays upon their personal or shared interests. It should be noted that any such personalized message must be authentic and compelling, and should acknowledge the consumer's local cultural sensitivities, but above all, it should be relevant. There is a however, as any one campaign should not be fashioned out of purely targeted ads, even throughout the media. Adding generic ads to the campaign prevents prospects that do not fit the demographics' criteria of being ignored, and by making these ads television ads, the Philips team will have a familiar reference point from which to launch their innovative campaigns.

But the fact that the current strategy is anchored in only one, and a traditional media at that, is not the only problem with this account strategy. For even if the changing advertising environment were to be left out of the picture, there are some fundamental flaws in the strategy for the Philips account. This strategy employs the other media mainly in a supportive role, and this means that the resources are not being taken full advantage of. In this dynamic and turbulent media era, it is hard to conceive of a truly successful campaign that doesn't take part in media multitasking, especially considering that consumers are seeking content across an expanding array of transmission media, as this study has amply illustrated. The added value is that media multitasking in a campaign goes above and beyond the traditional integrated marketing communications in that the message can be manipulated in such a way throughout the media that it takes advantage of each individual medium's unique abilities. Every advertising medium has characteristics that give it natural advantages and limitations, just as each medium focuses on a different sense, or a specific play of the senses. Radio can be used to create moods or images that would be impossible to afford, if created by visual effects. Besides, its lead time for producing and altering ads is very short. In print the audience is engaged in reading, and being in such a mode, the consumer inspects the ads at a close range, so that more complex and informative ads can be effective. TV ads, when watched un-skipped, transports the audience in a world completely of the advertisers making, this highly emotive medium offers great possibilities for creative advertising. The Internet offers interactivity, and for those willing to invest, virtual reality.

Outdoor ads offer inescapability, and posters for their part offer amazing visual opportunities, without the necessity of detailed information. *And so, before even beginning to design a campaign, the Philips team should plan the way in which the different media will factor into the campaign and how these media will both take the greatest advantage of the medium's unique capabilities and how they will complement and enhance the effect of the media mix, thus limiting the misuse of funds and resources.*

Here is an example of how this author would architect such media multitasking campaign using the Internet, viral advertising and experiential advertising: I would use viral to show the consumers a world I build for them. Using the Internet I would offer the audience mental escapism through a reality of my own making. Through experiential advertising I would get them to stay. This is in essence how simple it is to get experiential advertising, viral and new media strategies to converge. Definitely, it will take some professional designing and finishing touches but the core principle is simple and straightforward.

It is important to remember that throughout all the media, other than outdoor advertising, the audience must invite you in, and in order for the consumer to invite you in, the ad should at the least be entertaining. The days of sending some brainless message out and forcing everyone to see it, are over, for more reasons than one: the power has been shifted from the advertisers and businesses, towards the consumer; consumers are no longer constrained by place; time sources of information have become available on demand; in the current environment advertisements are no longer involuntary and intrusive but voluntary and sought out. With advertising, like with all businesses there is one golden rule that when the industry's scenery changes, the actors' performance must change accordingly. Adaptation to changing conditions is always the key to survival. *We are living in the experience economy era, and this means that the advertising for the Worldwide Philips account at DDB should respond accordingly and actively seek to engage the consumer. If they don't, Philips' message will not get through to the consumers.* The strategy must include tactics to tickle the consumers' attention long enough to get them to talk about the product and thus become both the object and tool for advertising. *Consumer engagement can take many forms, all of which contain an experiential aspect, and the creative teams must devote serious effort towards coming up with original ways in which to engage the consumer.* Engagement, means getting the consumer to become involved with the brand or product, and in order to be successful, the experience has to tell a story that is aligned with Philips' core principle of "Sense and Simplicity". Brand democratization seems to be liked by consumers as increasingly it seems that the audience wants to participate and not just view. So it might be an idea to incorporate a section in the campaign that allows for consumer created content, maybe in the form of some kind of product customization. Again a note, even experiential campaigns should include some easy to digest advertising that requires nothing of the audience but to sit back and let themselves be entertained.

The Philips team ad DDB is in an unusually privileged position when it comes to the products they must advertise. Products such as the Ambilight and the TrueColors lend themselves perfectly to experiential advertising. Serious consideration should be given to the fabrication of unique and enjoyable experiences that engage and enhance the commitment of the consumers. While rigorous guidelines would only really succeed in constraining the imagination of the creative team, and as such be counterproductive to pulling off a really original experience, there are a few pointers that should be employed. Firstly, *when attempting an experiential ad, compromise should be avoided.* The idea is to blow the audience's socks off and therefore "the sky's the limit". The event should be designed in such a way that the consumer will translate his or her surprise into camera phones images that spread the message. A great idea is to give the audience something to discover, as the living billboard

for Adidas in Tokyo managed to do. This experiential ad was not introduced, or pre-announced; instead the audience got to discover it by "chance".

These are tricky times for advertising. Yet the Philips team has no choice but to brave the maelstrom and try to adapt their account strategy to the changing currents, if they have any hope of surviving in the current advertising environment. And while it will be especially challenging to convince such a conservative client to diversify and take more risks when it comes to advertising, the proposal offers enough room with which to meet the challenge head on without having to sacrifice even a little of Philips' core principle of "Sense and Simplicity". Maybe in this case more importantly, the results of this study provide ample reasons and facts to persuade Philips of the inevitability of change.

8. Discussion

"I warn you against believing that advertising is a science."

- Bill Bernbach, 1989

We have arrived at the closing point of this study. All that is left, is the discussion, and this discussion will be organized in four sections (in order of appearance): a reflection on the process of this study; a discussion of the practical and scholarly value of this study; a discussion on the viability of the proposal for the Philips account at DDB; and finally thoughts on an important theme for future research.

- You might have noticed. This was not a traditional study, but then again it fits, advertising is after all also not a traditional industry. And while this study's practical side is not a traditional one, in a sense, the whole study is a practical journey. It is a mapping, a diagnosis of what is happening real live, in a dynamic and rapidly transforming industry.

On the one hand I would point out to the internship with DDB, where I got the front seat (and at DDB these are royal seats) to the inner workings of an ad agency and where I got to participate first hand in the actual process of a major ad campaign. The acquired experience was essential for my understanding of the scope of the problem and of the main issues in play, especially since the client the team works for is particularly conservative. In the current chaotic environment, it is especially these companies that hold fast to tradition, that are having the hardest time making themselves heard.

And yet I have to agree that the practical approach used in this study was not a traditional one. But it fits, as the industry itself rebels against tradition. Bill Bernbach (1989) said "I warn you against believing that advertising is a science". And in truth advertisers would be horrified if ever such a comparison were to be made, science is after all the antithesis of the irrational creativity advertising represents. Where advertising aims for inimitable and affective, science strives for logical and reproducible. It is true that ad agencies often have a little backroom reserved for marketing researchers, but during my time with DDB I came to realize that such research, in practice, was used for only two things. To find out *whom* the targeted audience is (not how to approach them) and to convince the *client* (for this particular team, Philips) of the viability of the campaign before the expensive production process begins. Before we get too far off course, let me explain why the traditional methods, for instance interviews, were out of the question for the completion of this study, even though such methods definitely have their allure. The nature and scope of the assignment don't lend themselves to any of the traditional research methods. The advertising industry is a global industry in the most literal of manners, 6 teams in 5 countries were involved in the fabrication of just one of the campaigns that was in progress during my internship. On top of the logistical nightmare any attempt to coordinate a study restricted to just DDB, or even one campaign would be, finding industry wide developments would require collaboration between arch competitors, in an industry whose commodity, ideas and creativity, are extremely sensitive to theft. Even if I could find a way in which to get the required collaboration between companies, it would be no more than a flight of fancy, to think that interviewing the top minds of these agencies could so easily be arranged. So instead I opted for the next best thing and scanned all the headlines in the industry publications and scientific journals to find out what these industry shaping influentials predict for the future.

- If there is one thing that was repeated time after time again in this study, it is that the current advertising environment is a chaotic, volatile one. It is an environment where really good campaigns

are the ones that are able to break from the mould and tower out amidst all the clutter. One way to assure that does *not* happen would have been for this study to propose possible content for campaigns. I have a great respect for the creative force within ad agencies, and I find that imagining the fill for the actual campaigns is their exclusive territory. Still, on a practical level the value of this study is very significant in two important ways. Internally, within the ad agency, this study serves as a reference point, a beacon of guidelines if you will, that can be used to translate the creative geniuses' ideas in a viable successful campaign, enabling the ad agency to explore some of the more alternative media, make the most of the traditional media's unique capabilities, and at the same time make sure that the message does not stray too far from the client's core principle. Externally, towards the client, this study adds weight and a testimony to the importance of the evolution of the account strategies, in order to work, the advertising should not only comply with the needs of the consumer, but the ads should test the barriers and jump out for attention. The data provided by this study should convince even the most conservative of clients to grant the creative team at least the minimum required freedom to keep the campaigns in the competition.

On a more academic note, to my knowledge this study offers a mapping of the advertising influence of the media, either individually or as a result of the media interaction. First there is the scope of the study. The media analysis was conducted from the standpoint that the effect of the whole is *more* than the sum of the individual parts. This holistic approach means that in order to understand the influence of the media environment on advertising, the individual building blocks, in this case the individual media should be analysed, as well as the *interaction* between these individual media. And so this study did, even though it was a mammoth task. Secondly this study brings to light some present realities, that the advertising agencies, regardless of their conservative or progressive stance, cannot ignore (advertising agencies need to buy and manage ad space over a much greater number of channels, the way people consume media is changing, the modern consumer knows he or she is being advertised to, consumers crave personal experiences, etcetera). Thirdly this study provides a much needed indication as to where the advertising industry is headed.

- The Philips team at DDB already had an inkling that the advertising environment has changed so much as to make their current strategy less effective, and as a result they requested this study. This fact in itself implies that the study is of importance to the team, especially considering that their client is a very conservative one, and one that dislikes unnecessary risk. What this study makes clear is that experiential campaigns and media multitasking are very necessary risks that must be taken. If they implement the proposal when coming up with a new account strategy, the Philips team at DDB will undoubtedly face opposition from its conservative client. This study's value is not restricted to the practical solutions that will help the Philips account survive this new age of advertising, but at the same time this study provides evidence to why such change is essential. This means that the study can be used as a tool to make the client understand why certain risks are unavoidable.

When considering the viability of the proposal, the proposal offers enough creative freedom so that the Philips team can come up with campaigns that can stand their ground in the modern advertising arena, while still respecting their clients' conservative nature.

- Reflecting back on the content of the study, I have come across one main development that makes me a bit uneasy. All the models of advertising seem to agree that the first task of an *advertisement* is to gain attention and, subliminal speculation apart, it is logical that unless an advertisement is noticed it is unlikely to have an effect, except maybe upon the bank balance of the advertiser. For the advertising industry the *raison d'être* still is and has always been that of converting audiences into consumers, and advertisers would, if their clients allowed them, risk the latter's necks for glory. To

me these considerations raise the question of what this new mentality of getting truly personal with the consumer signifies in relation to the not often talked about hidden agenda of manipulation.

It seems that mega corporations are now interested in having intimate conversation with us, the little people. It is all part of this novel "relationship mentality" that in turn, is part of this current age of "experiential economy". It was a simple time when businesses used advertising to compete in a straightforward manner. Back in the days, there was nothing subtle about the traditional sell. In a way, advertising agencies used to earn the right to sell us stuff by entertaining us with their beautifully crafted ads. But with the age of experiential, things are changing, as companies are becoming more transparent in their corporate practices, yet paradoxically, less so in their advertising pitches. Personally the notion that a multi billion corporation wants to be my friend and tiptoe its way into my life makes me deeply uncomfortable, especially considering that when it comes down to it, what they really want is still, just to make sales. The big businesses seem to have translated creating meaningful consumer experiences, into selling under the guise of advising and helping, and well, this raises the game of advertising to a whole new level of manipulation. Yet, this all could be exaggeration, and instead, it might be that the degree of manipulation will be controlled by the empowered consumer that is so typical of the modern media environment. I think that this power play between the corporations (represented by the ad agencies) and the consumer is an important theme for further research, because from where we are standing the power can swing either way.

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Part IV. link: <http://www.youtube.com/watch?v=vBIRAQxUYAU>
Part V. link: http://www.youtube.com/watch?v=_cmnErYxQDQ
Part VI. link: <http://www.youtube.com/watch?v=x5okT-2daGM>
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10. Appendices

10.1 The Agency

10.1.1 Omnicom

Omnicom Group, Inc., through its subsidiaries, operates in the advertising, advertising services, specialty communication, interactive/digital media, and media buying businesses throughout the world. Omnicom Group includes three agency networks: BBDO Worldwide, DDB Worldwide Communications and TBWA Worldwide and a host of independent agencies that reside in its Diversified Agencies Services sector. The company offers its services under four disciplines: traditional media advertising, customer relationship management, public relations, and specialty communications. The group was founded in 1944 and is based in New York City.

World's Top 5 Advertising Organizations <i>Ranked by worldwide revenue in 2005</i>				
Rank 2004 & 2005	Headquarters	Revenue		% CHG
		2004	2005	
1. Omnicom Group	<i>New York</i>	\$10,481.1	\$9,747.2	7.5
2. WPP Group*	<i>London</i>	10,032.2	9,645.1	4.0
3. Interpublic Group of Cos.	<i>New York</i>	6,274.3	6,387.0	-1.8
4. Publicis Groupe	<i>Paris</i>	5,107.2	4,777.3	6.9
5. Dentsu*	<i>Tokyo</i>	2,887.8	2,940.6	-1.8

*Notes: Dollars are in millions.
* Advertising Ages estimates*

10.1.2 DDB Company Profile

DDB Worldwide is one of the world's top creative advertising agency networks in the world, with 206 offices in 96 countries delivering creative business solutions across multidisciplinary platforms. It is one of the main networks within the Omnicom advertising services group. And although it prefers to

DDB Worldwide <i>Agency Totals</i>		
Revenue (\$ in millions)		
	2004	\$1,190.6
	2005	\$1,090.2
	% CHG	9.2

keep a lower profile than some its peers, DDB has consistently ranked as one of global industry's most highly regarded advertising agencies, regularly topping all polls of creative awards. Advertising Age ranked DDB as the #5 agency network worldwide in 2005 with revenues of around \$1.1bn.

DDB has produced memorable spots for such brands as Avis ("We Try Harder"), Budweiser ("Wassup"), and Life Cereal ("Hey, Mikey"). The agency offers services ranging from traditional advertising to direct advertising, sales promotion, strategic consulting and digital advertising, through such business units as Rapp Collins and Tribal DDB.

DDB Brands:

- Tribal DDB
- Element 79 Partners
- The Ant Farm
- DDB Matrix
- del Rivero Messianu
- Bernard Hodes Group

DDB Worldwide:

- Anderson DDB Canada
- BrandSellers DDB Latvia
- DDB & Co (Estonia)
- **DDB Amsterdam**
- DDB Australia
- DDB Canada
- DDB Colombia
- DDB Germany
- DDB Helsinki (Finland)
- **DDB London (UK)**
- DDB New Zealand
- DDB Romania
- DDB Seattle
- DDB Singapore
- DM9 DDB (Brazil)
- Futura DDB (Slovenia)
- Linial DDB (Israel)
- Medina Turgul DDB Turkey
- Milici Valenti Ng Pack (Hawaii)
- New Deal DDB (Norway)
- Seiler DDB & Co (Switzerland)

- DDB Denmark
- DDB France
- DDB Spain
- DDB Sweden
- Zegers DDB (Chile)

Some DDB Amsterdam accounts:

- BCC
- Centraal Beheer Achmea
- Dell
- FBTO
- Grolsch
- Johnson & Johnson
- Lipton Tea
- De Lotto
- Mexx
- Philips
- Etc...

The competition:

Top 7 Core Agencies Worldwide				
<i>By worldwide revenue from traditional advertising in millions of dollars</i>				
Rank 2004 & 2005	Headquarters	Revenue		% CHG
		2004	2005	
1. Dentsu	<i>Tokyo</i>	\$2,165.9	\$2,205.5	-1.8
2. McCann Erickson Worldwide (<i>Interpublic</i>)	<i>New York</i>	1,461.1	1,455.5	0.4
3. JWT (<i>WPP</i>)	<i>New York</i>	1,313.5	1,324.9	-0.9
4. BBDO Worldwide (<i>Omnicom</i>)	<i>New York</i>	1,295.7	1,165.6	11.2
5. DDB Worldwide (<i>Omnicom</i>)	<i>New York</i>	1,190.6	1,090.2	9.2
6. Publicis (<i>Publicis</i>)	<i>Paris</i>	1,083.2	1,037.3	4.4
7. TBWA Worldwide (<i>Omnicom</i>)	<i>New York</i>	950.2	873.3	8.8

Notes: Dollars are in millions.

DDB: A Short History

Midway through the last century, Bill Bernbach, with his partners Ned Doyle and Maxwell Dane, opened the doors to DDB, and advertising agency that was to ignite a creative revolution and transform the practice of advertising forever. The agency is well known for its classic ads, including the 1959 Volkswagen campaign, which in 1999 was voted the No. 1 campaign of all time in Advertising Age's "The Century of Advertising".

The founding principle for DDB is that *"Properly practiced creativity can make one ad do the work of ten"*. And throughout history the agency has made a valiant attempt to live up to this principle. The above mentioned Volkswagen campaign is an excellent illustration of this fact. In 1959, at a time when American cars were getting bigger and bigger and the advertising for them trumpeted that bigger was better, DDB created a magazine ad that showed a small picture of the Volkswagen Beetle surrounded by a sea of white space with the headline, "think small." An equally unconventional ad carried the headline "lemon" beneath a photo of an apparently flawed Volkswagen. The ad's copy explained that "this Volkswagen missed the boat. The chrome strip on the glove compartment is blemished and must be replaced... We pluck the lemons; you get the plums." In an era of hype and bombast, the Volkswagen ads stood out because they admitted failure in a witty way and gave facts in a believable manner that underlined the car's strengths. This wit together with a conversational and believable style was a hallmark of the advertising created by the founders of DDB.

10.1.3 The Philips Team

The Philips account consists of five divisions:

- Consumer Electronics (CE); global lead in Amsterdam
- Domestic Appliances & Personal Care (DAP); global lead in London
- Medical Systems; global lead in New York
- Lighting; global lead in Amsterdam
- Semiconductors; global lead in Amsterdam

The Master Thesis Study was completed in assignment of the Philips CE Team at the Amsterdam office of DDB. This team is responsible for the Worldwide Philips account for Consumer Electronics (CE). It consists of 8 members not including the art department.

