

JACK MYERS REPORT™

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Marketers, Ad Buyers & Sellers Embrace Digital Technologies

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Beginning next Monday, I will present my 2003 Myers Media Innovation Awards to the top twenty initiatives covered by Jack Myers Report that advanced the state-of-advertising during the year. As 2004 begins, there are key issues the media and advertising industry must address to fully capitalize on the extensive investments being made in innovative tools and resources by media suppliers, media buying/planning organizations, research organizations, and marketers.

Since the mid-1970s, several media companies have attempted, with little success, to shift marketers' focus away from commoditized price negotiations to more integrated and sophisticated media applications. These efforts were often frustrated by ad agencies, by traditional forces within the media companies themselves, and by client infrastructures that separated media and advertising budgets from marketing and promotion budgets. These barriers have slowly been dissolving, and in 2003 both media sellers and media buying agencies have become more emboldened. They have embraced the need for change. Major marketers such as Procter & Gamble, Coca-Cola, BMW, Johnson & Johnson, Dr. Pepper/7 Up, Nike, Infinity, Samsung, and Volvo are quickly adjusting their own organizations to adapt to the new opportunities being made available to them.

We are just one year away from the mid-point of the first decade of

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the new millennium. It was at a similar time 100 years ago that the technological advances that transformed the Agrarian Age to the Industrial Age began to radically alter the economics of the United States. That process of change took two decades to truly take shape, with the catalyst of World War I being a major force for industrialization. *This century's economic equivalent to WW I is digital conversion.*

The thirty year economic transition in the 20th century is compressing to a ten year process in the 21st, as communications and marketing shift from Industrial and Information Age economics to The Relationship Age™ economy.* The U.S. and developed nations are fully engaged in that economic conversion, which is being advanced by satellite communications, wireless technologies, high definition television, and high speed Internet connectivity. *The map for this new world, built on brand relationships rather than commoditized transactions, is already being redrawn.* New highly fragmented and personalized borders and boundaries are already being defined.

The traditional forces of commoditization have declared a truce with media sellers and media strategists

who seek to refocus their strengths to build long-term marketing relationships. They have acknowledged the need to coexist in a peaceful alliance, functioning side-by-side to provide cost efficiency to media buyers and enhanced value-based relationships to planners and marketers. This alliance must be institutionalized within the major media organizations to assure it is supported and investments in innovation are maintained.

Agency Creative Groups Remain Tied To Tradition

Even as their media brethren embrace a new advertising world, most agency creative departments remain tied to traditional creative processes. Many of the most creative implementations of new media strategies are emanating directly from media agencies, which cannot depend on traditional agency creative groups to provide the skills and creative juices required to exploit innovative media opportunities. Interactive media agencies such as Carat Interactive are organizing full service creative departments to assure clients have the necessary creative resources to implement new media opportunities. Within the major agency holding companies, this transition will result in an inherent conflict between media groups' need for creative support and the creative agencies' slow adjustment to these new business demands. **This conflict between media innovation and creative traditionalism will present a growing challenge**

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Tomorrow's Jack Myers Report:

Advocating a One TV World

This Afternoon's Jack Myers Entertainment Report:

Ed Martin "Live from Television Critics Association" in Hollywood

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and opportunity to the advertising industry. *It is the great divide between the past and future — between the traditions of mass marketing and mass media and the new world of targeted relationships built on innovative communications strategies.*

It is time for ad agency creative teams, production companies, and creative boutiques to align with the forces of digital evolution and learn about new opportunities available from media sellers by:

- engaging with their media buying and planning partners in strategic orientation sessions,
- meeting with relevant media partners across every medium,
- and studying the opportunities inherent in new media technologies that are radically altering consumer behavior.

New Commercial Formats Are Required

As digital video recorders, high definition television, three dimensional television, interactivity, and video-on-demand gain prominence and consumer acceptance, new commercial formats and creativity will be required to bridge the gap between consumer viewing patterns as they have existed in the past and new communications opportunities as they evolve. Short commercials will act as promotional tools to encourage viewers to download and view longer format messages. Quick-cut multi-image "music video style" commercials will give way to slow format sustained scenes that communicate single messages and images as effectively in a fast-forward mode as at regular speeds. Commercials will integrate incentives in the form of interactive coupons, sweepstakes, and other promotional and direct marketing applications, available for immediate download or registration. Creative integration of advertiser branding messages will be developed synchronously with program content, requiring advertising copywriters to learn the techniques and nuances of program development and production. New media opportunities offered by Regal CineMedia's "The Twenty," eBay,

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CondeNet, AOL, and Scripps Networks' DIY and Fine Living (among many, many others) require innovative and differentiated creative strategies once media commitments are made.

Research Industry Builds Effectiveness Measures

Slowly but surely, new research methodologies are emerging to evaluate the effectiveness of these value-based relationships by measuring advertising effectiveness against sales and marketing goals. Quantitative measures of audience delivery have been the dominant evaluative tool for more than half a century. Digital technologies are also enabling new tools that radically advance the depth and detail of these measures. The ANA and 4A's new Ad-ID schematic has made massive strides forward in standardized commercial tagging capabilities. It is time for advertising creative departments and network programmers to insist on access to detailed viewing data, in order to assess effective audience retention techniques, as well as comparative impact of messaging and talent.

The evolution of more personalized media consumption and the slow dissolution of mass media require enhanced performance measures for advertising and programming, as well as Internet content, radio, and emerging forms of electronic communications. *Recognizing and responding to the importance of establishing new measures of advertising effectiveness is among the greatest challenges for the advertising and marketing industry in 2004.*

*The Relationship Age is a trademark of Jack Myers.

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