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24

Skin-embedded screens

Retinal screens

genetics

Neuro-informatics

Immersive virtual reality

10

**THE FUTURE OF MEDIA
ISSUE 2012
VOLUME 12
ISSUE 3**

8
LETTER FROM THE EDITOR
A younger, more wired world

10
THE BIG PICTURE
Your World, Circa 2040; Recycling Fotomat for a New Generation; E-Waste Looms Larger

THE FUTURE OF MEDIA

18
MOBILE RESHAPES THE FUTURE
From here to eternity: The many ways the smartphone is altering the world of media

24
SCREEN SURFING USA
Watch, share, comment, create — just forget about chilling out

30
SOCIAL LEAVES THE SILO
Once seen as its own platform, sharing has infiltrated everything

34
FOURSQUARE'S SECOND ACT
This quirky mobile pioneer still gets 5 million check-ins a day, but the game is winding down and the recommendations engine is just warming up

38
SEARCH'S SOCIAL EXPLORATION
Real-time media and social data are helping marketers discover the new Web

42
TABLETS' DAZZLING PROSPECTS
These couch toys mean business



50



66

**HOW RCA TRANSISTORS
Will Run Your "Electronic" Car of Tomorrow**

Slide behind the wheel of the dashboard. Push the electronic control button. Then sit back and will even blow your hair automatically when



62



58

46

THE NEW FACE RACE

Can Redpepper's take on facial recognition blast through consumer fears?

50

CAN ONE TV BRAND REACH 10 BILLION DEVICES?

Q&A: Discovery Communications JB Perrette dishes on Shark Week, Lumosity and the future of video

TOMORROW'S DEMOGRAPHICS

54

18 AND RADICALLY CONNECTED

Checking in with Gen Y's hard-to-reach sweet spot

58

MY POST-PARENTHOOD MEDIA WASTELAND

Gen X, we hardly knew ye

62

**BOOMERS:
PAST, PRESENT AND POWERFUL**

The digital world tries to get in front of the silver tsunami

OP-ED

64

EMBRACING INFINITE MEDIA

Aegis' Nigel Morris says debates about which technology will "win" in the future don't help brands. Focusing on people, mission and speed does.

66

THE CAR OF THE FUTURE

How connectivity is re-routing drive time

68

BOOKSHELF: WORD-OF-MOUTH

A Forrester research duo dishes on the secrets to creating a customer-focused culture

74

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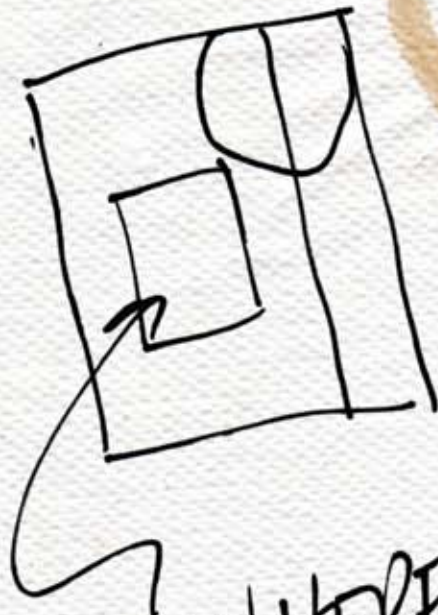
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WHERE DO
BRILLIANT
IDEAS GO?



Connectivity Steps Out of Its Infancy

There aren't many workdays that I get to officially invoke the spirit of Whitney Houston — or get to sing to defenseless colleagues. But at *MEDIA*, we believe the children are our future.

Go ahead. Roll your eyes. But as we started digging into the technology and demographics driving the trends we hoped to cover in our fifth annual Future of Media issue, we couldn't help but marvel at how often we had to repeat that line.

We knew (and are frankly a little tired of hearing about) the tremendous influence Gen Y is having on all aspects of the media business. But as we delved into the younger end of that massive population bubble, we got swept up in the changes media channels will have to make in order to keep up.

In the U.S., the big birth years (more than 3.8 million per year) ran from 1987 to 1997. Worldwide, half the population is 25 or younger; an amazing one in five is between 15 and 24. We took a closer look at those born in the midst of this tsunami: Read Carrie Cumming's "The Rise of the 18-Year-Old," (p. 22) story on why these

radically connected kids are perhaps the most elusive demographic Madison Avenue has ever courted.

The habits of these just-barely-adult consumers will shape the future of media. And they are dramatically different not just from their parents, but even from their older brothers and sisters. While consuming massive amounts of video and sending constant texts (about six per hour, according to Nielsen), they don't want a thing to do with landlines, cable companies, or even email. They rarely watch TV in real time, and when they do, it's likely to be on their phones or tablets rather than actual TVs.

These extreme behavior changes are shaping the future on every platform, with every road leading to (and from) the phone.

Check out Doug Quenqua's excellent "Mobile Reshapes the Future," (p. 18) to see how these cell phones have gone from being a media afterthought to the heartbeat of a campaign and media plan. Or Dave Goetzl's "Screensurfing USA," (p. 24) for the lat-

est in the many ways consumers want to romance that second screen. Or a Q&A with Discovery's JB Perrette (p.50) on how the channel is expanding its once TV-centric view of the world to total screen-and-device domination.


And that army of kids, so many of them packing not just smartphones but tablets, are causing once separate platforms to merge and collide: Laurie Sullivan

THESE EXTREME BEHAVIOR CHANGES ARE WHAT'S SHAPING THE FUTURE ON EVERY PLATFORM, WITH EVERY ROAD LEADING TO (AND FROM) THE PHONE.

reports on "Search's Social Exploration," (p. 38); Cathy Taylor on "Social Leaves the Silo," (p. 30) and John Capone on big changes within the mobile world itself ("Foursquare's Second Act," (p. 34)).

Of course, the kids who are pushing media into the future aren't the only ones inching out of the early days of connectivity. Gen X is taking its lumps, but figuring it out: Larry Dubrow can now operate his iPad with a baby on his hip ("My Post-Parenthood Media Wasteland," p. 58). And even us wizened Baby Boomers, fat fingers and all, are proving to be a fiercer digital force than many would have predicted, and will be so for decades to come. (Consider Erin Read Ruddick's "Boomers: Past, Present and Powerful," (p. 62)).

Finally, to get a look at Google's future (not to mention the lightning fast Internet that will change the way we do business) take a trip way back to the Pony Express. Liz Tascio reports on Google's launch of Google Fiber in Kansas City ("Welcome to the Fiberhood," (p. 74)).

What do you think lies ahead for *MEDIA*? Let us know at sarah@mediapost.com. 

Sarah Mahoney
SARAH MAHONEY, EDITOR

The Future of Media

Join us for a full day of presentations on why the future isn't what it used to be: Oct. 3, at New York University's Kimmel Center. Panelists include Aegis' Nigel Morris, whose op-ed, "Embracing Infinite Media," is on p. 64. For information, contact rob@mediapost.com.

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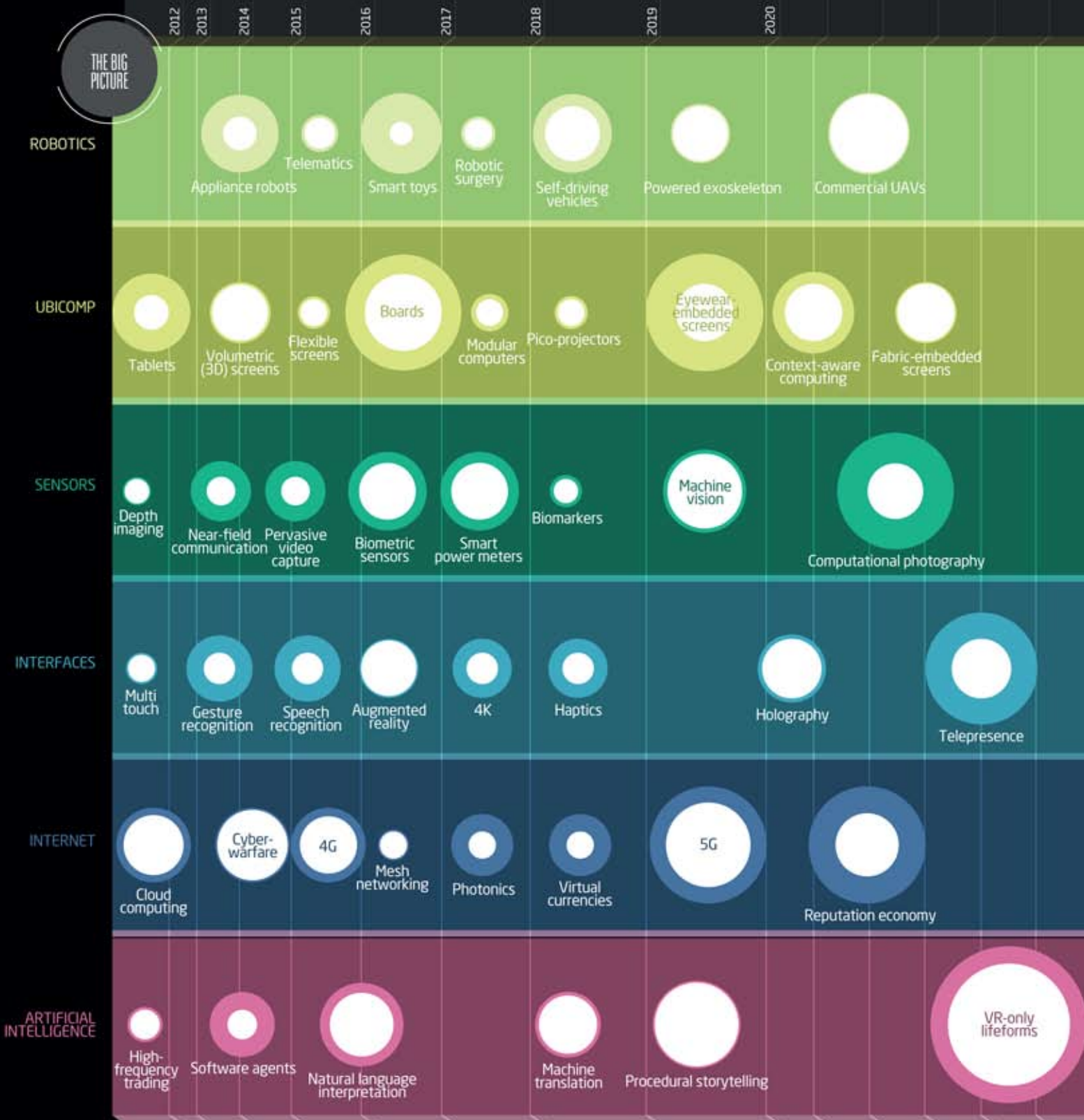
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THE BIG PICTURE



YOUR WORLD, CIRCA 2040

Just when you thought you were getting a handle on RTB (real-time bidding), AR (augmented reality), and NFC (near-field communication), a surge of new technologies is about to blur the line between fantasy and reality, according to this infographic by Envisioning Technology. Take AI, when "procedural storytelling" may replace modern-day copywriters, or some years later, when "VR-only life forms" could replace the people who normally see the ads they created. ET's founder Michell Zappa's personal favorite?

CHART SOURCE: MICHELL ZAPPA, ENVISIONING TECHNOLOGY, ENVISIONINGTECH.COM



CONSUMER IMPACT

The outline of a node indicates a consumer impact larger than the technological novelty.



RELATIVE IMPORTANCE

The node size indicates the predicted importance of a technology.

"Technologies related to ubiquitous computing and the Internet of things. There will be an explosion of connectivity, which in aggregate will bring granular insights to areas we could never have imagined before." And the prediction that's most radical? That would be utility fog, according to Zappa, "a cloud of flying nanoparticles able to take any imaginable physical shape and color. It's one of those sci-fi technologies that despite being grounded in theory sounds too amazing to be plausible." **ZOE MANDESE**



RECYCLING FOTOMAT FOR A NEW GENERATION

Way back when, 4,000 tiny Fotomats dotted America's parking lots, developing photos for people who never dreamed of digital cameras. But the buildings are still part of the suburban landscape, refurbished as anything from coffee shops to billboards. "I am a big fan of this slice of Americana. Most young people can't remember a time when you had to take your film to a store to develop, and the concept is quite antiquated to them," says Dawn Harkness, who chose a former Fotomat to house her Little Green Coffee Shop in Sudbury, Mass. "And older folks like to reminisce about those good old days." Meanwhile, little kids just want to know where the bathroom is. "I've been known to tell them that we have a trapdoor in the floor, which goes down under the parking lot where we have a bathroom, a big kitchen, and a TV room. Then I have to tell them that's just a fantasy," Harkness says. "We use the bathroom of the nearby grocery store." ZM

PHOTOS COURTESY OF SCOTT AMUS, ROB ANSPACH, PATRICK CUMMINGS AND CHARLES MATHAWAY



THE BIG PICTURE





E-WASTE LOOMS LARGER

As brands like Apple (recently bashed by environmentalists for its Macbook Pro with Retina Display) can attest, consumer concern about electronic trash is piling up almost as fast as dead desktops in this e-waste dump. Marketers are constantly trying to build products with a high turnover, and there is still little incentive for them to make reusable products. The Environmental Protection Agency estimates that the U.S. dumps 4 million tons of e-waste into landfills each year, and that only 15 to 20 percent is recycled. About 50 percent of our e-trash is shipped overseas to cities like Lagos, Nigeria, leading to dangerously high levels of lead and other metals (the U.S. is the only industrialized nation that has not yet ratified the Basel Convention, which would prevent trading in hazardous waste). Though the consumer electronics industry increased its recycling efforts 53 percent last year, with American households spending more than \$1,100 per year on new gadgets, those trash heaps will keep growing. **ZM**

PHOTO COURTESY OF SIMS RECYCLING SOLUTIONS, US.SIMSRECYCLING.COM

MOBILE RESHAPES THE FUTURE

BY DOUGLAS
QUENQUA



TOP OF THE STANDARD

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0.1 mile away
Direct me with
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Get hyped for
Saturday's
DJ with this
exclusive mix
on Spotify!



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40 9th Avenue
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ok! Check it out
on Trulia!



PASTIS (French)



Great meal in the
meat-packing
district. It's quite

hip and trendy, and typically
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reservations or be prepared to
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What travelers say:

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JACOB LI
4 Mutual Friends
Connect on
Facebook?

Is that the future in your pocket, or are you just excited to be here?

Don't be embarrassed. Considering the giant leap in personal technology we've experienced in our lifetime — raise your hand if you remember buying an extra-long cord so you could talk on the phone in the other room — we're pretty hyped about the state of things. That phone in your pocket? The one that set you back a day's pay? That thing has more computing power than NASA did in 1969, the year man landed on the moon. It has more editing and filming capability than Orson Welles had when he made "Citizen Kane." So what if you mainly use your phone to check the time, find directions, or text your vote to "Dancing with the Stars?" The fact that we use such revolutionary technology to perform everyday tasks is what makes it so mind-blowing.

So when we talk about the future of media, it's no wonder the conversation centers largely on mobile devices. As "phones" become more powerful (and seriously, when can we stop calling them that? Is making calls not the least impressive thing that they do?), they will become the conduit through which we live our lives. Reading the news, connecting with friends, finding our way, playing games — these are tasks they've already commandeered. So why should they not control our homes,

plan our vacations, shop(in-store, not just online) and fall in love?

"Ten or 15 years from now, literally everything is going to be controlled by your phone," says Ly Tran, digital marketing director at Proof Advertising. "It's where we'll get all our information, communicate and connect. They're the driver of the future."

How central will our mobile devices be to our daily lives in 10 years? They will replace TV remote controls, says

Tran. And let's be honest — it doesn't get much more critical than that.

Despite all the talk of watching movies on your mobile device, Tran points out that no one seems that interested. Instead, the increasing availability of on-demand media means "you will use your mobile device to choose what you want to watch on your TV on your way home," she says, "and when you get home, you will use your phone as your remote control." The best part: because the content will be so personalized, "there will be no fighting over the remote control." (Fighting over who gets to use the big TV, however, may be eternal.)

The exciting news for advertisers? One of the most frequently handled devices in the house, previously incapable of carrying ads, will become a channel for the most personalized kinds of messages. Just imagine the ads you can send to a remote control that knows not just what its owner is watching, but what he or she likes to watch in general.



Your phone will also tell you when it's time buy milk (if, in fact, we still drink milk in the future).

"Your milk carton will tell your refrigerator that your milk is about to expire," says Tina Unterlaender, director of mobile at AKQA. "And your fridge will send a message to your phone."

This exciting sponsorship opportunity ("Your milk is about to expire. Scan this message for 10 percent off a gallon of Farmland.") isn't actually that far in the future. Several labs, including M.I.T. and its Counter Intelligence program, have made prototypes of refrigerators that can either tell you when your milk is going bad or sense that you're low on eggs. Such a refrigerator was even featured at the Consumer Electronics Show in Las Vegas this past year. Like the picture phone (better known today as Skype), this new product may take a while to catch on with the public. And the integration of the smartphone may be what makes the difference.

Mobile devices have already revolutionized shopping. Last year, four out of five U.S. smartphone owners used their devices to help with shopping, according to Google/Ipsos. Of those people, 76 percent purchased in store; 59 percent purchased on their PCs; and 35 percent made their purchases on their smartphones. As mobile commerce becomes easier and more secure, expect that last number to rise considerably.

Such statistics make it tempting to predict the death of brick-and-mortar retail. But rather than cede their business, retailers like Best Buy will be forced to embrace mobile as part of the in-store experience, says Mark Silber, executive creative director of WPP mobile agency Joule.

The way retail works now, "you go into Best Buy to check out a TV set and then order it on Amazon," says Silber. "If Best Buy is interested in surviving, they're going to have to do something to the in-store experience."

Luckily, a consumer carrying his mobile device, particularly as such devices become more and more integrated with social media, will also be carrying a treasure trove of personal information about his preferences and shopping history. Grocery stores are already experimenting with discounting certain items to certain customer, based on information contained in loyalty cards, according to an August story in *The New York Times*.

"Any real-world business — whether you're retail, hospitality, any business — will have to create an enhanced experience by giving consumers something, even if it's as pedestrian as coupons, when they walk in the door," says Silber. "Why wouldn't the grocery store have a tailored set of offers for me when I walk in, built around products that the store knows I like to buy?"

Bring augmented reality into the picture, says Tran, and things get really interesting. Imagine going on a

vacation, or even just being stuck in an unfamiliar city, and finding you have a personalized, 3-D, interactive travel guide in your pocket.

"All the info that's in these old-school travel books should all be on the phone," says Tran. For example, a first-time visitor to Hawaii would be able to look through the camera on her phone or tablet and see, superimposed on the street in front of her, comments and preferences about locations that her friends have already been to. "You should be able to take out your phone and look around your world to see where's the best restaurant, where's your friends' favorite hotel," she says. "The technology for that is available today."

All this mobile dependence will also mean freedom from more earth-bound devices. By 2014, cell phone usage will eclipse time spent with laptop and desktop computers, according to a recent study from Microsoft Tag. What that means for laptops is not obsolescence, but certainly a less critical role in our day-to-day activities and in marketers' attempts to reach consumers.

"We already have less and less reason to actually use a PC as often as we did a few years ago," says Silber. "I wouldn't call it death, more of a reincarnation."

As people become more mobile, advertisers are going to have to think more fluidly. "They have to think in terms of a day-long consumer journey that involves what consumers are doing on their way to work, everything they're seeing along the way, messages on a coffee cup, reaching people in whatever medium makes the most sense at a given part in the day," he says. The laptop will continue to be a part of that day, Silber believes, but only a part.

With the decline of the laptop also comes a decrease in email use. For years, researchers have noted the younger generation's preference for texting over email: email use fell by 6 percent in 2011, with usage for 12- to 17-year-olds plunging by 24 percent, according to comScore — and as larger computers begin playing second-fiddle to mobile devices, we can expect this trend to continue.

At first, this may sound like bad news for marketers, because consumers have long proved more receptive to outreach via email than they are to texts (though research suggests they are decreasingly interested in interacting via email, too). "Texting is a very personal communication," says Tran, "so a lot of consumers are still hesitant to receive texts from brands."

But sometimes evolution forces us to change for the better. As mobile devices become central, and are increasingly integrated with social media, marketers will come to recognize a certain reality: social — and not SMS or email — is where consumers want to interact with corporations.

"If we can replace email with Facebook or Twitter, we can stop wasting time trying to get email addresses" of consumers who don't necessarily want to hear from brands," says Tran. "If we want to collect leads, we can do it all on Facebook or Twitter or Pinterest."

Indeed, over the next five to 10 years, we should expect social sites like Facebook and Twitter to worm their way into more facets of our daily lives. With 900 million members and counting, Facebook has plans to integrate itself with our lives even earlier — and, believe it or not, longer — than it does now. Forget what you heard about its flagging stock price.

In June, *The Wall Street Journal* reported that Facebook was working on parental controls that would allow children 13 and younger to become members. "Mechanisms being tested include connecting children's accounts to their parents' and controls that would allow parents to decide whom their kids can 'friend' and what applications they can use," the article read.

Which is not to say that 10-year-olds haven't been using Facebook all along. "I mean, really: How many under-13-year-olds do you know who have a Facebook page?" asks Marian Salzman, CEO of Euro RSCG Worldwide PR. "And all they had to do was claim that they were 14 — or 87." Still, she says, the legitimization of pre-teens in the social media space "begs the question: How young is too young?"

"Will the new technology and parental controls help to dissuade online hatred?" asks Salzman, referring to the seemingly endless stream of stories about youngsters — and even adults — using social media to harass kids online. "What if parents aren't engaged enough once their tween initially sets up the account — will bullying run even more rampant?"

On the other end of the life spectrum, expect Facebook and other social media sites to become key players in your death, so to speak.

"Nineteen thousand Facebookers die every day," says Salzman, "and now that Facebook has launched Timeline, which begins at birth, there's really only one



logical way for it to end, isn't there?"

Almost from the beginning Facebook has struggled with the question of what to do with members' profiles after they die. Following some initial missteps — taking down profiles against family wishes, or suddenly deleting pages that had become de facto memorials — Facebook arrived at a reasonable solution. Today, family members can request that the pages of their deceased loved ones either be removed or placed into permanent memorial status.


By why stop there? "If I Die" is a new Facebook app that lets people record a special message to their friends that will only be played after they die. In the U.K., Dead Social lets individuals

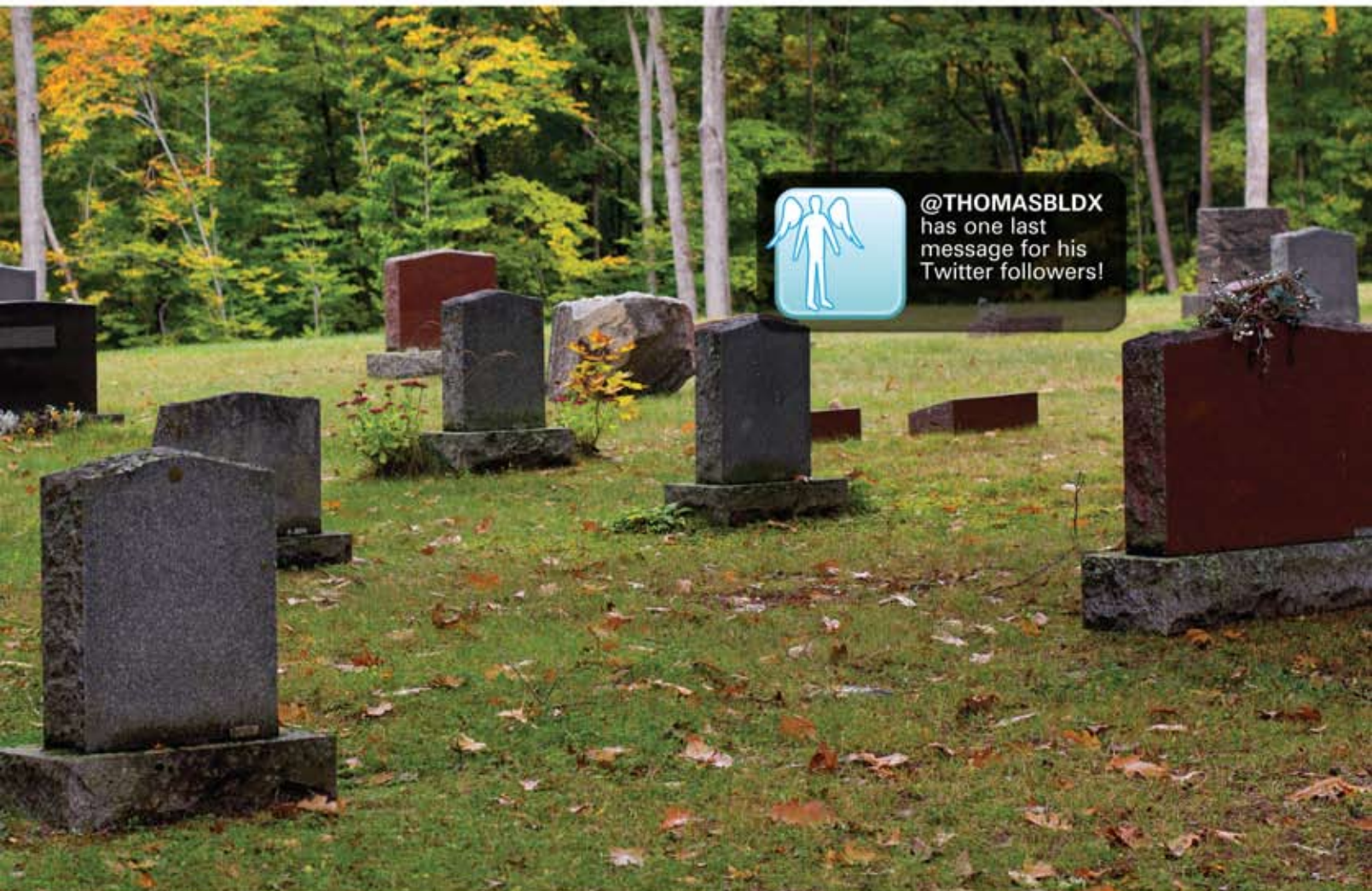
schedule secret messages that, after the user dies, are broadcast across various media channels. The issue has become so serious that the U.S. government now advises Americans to write a "social media will."

"If you are active online, you should consider creating a statement of how you would like your online identity to be handled," USA.gov advises on its "Writing a Will" page. "You should appoint someone you trust as an online executor. This person will be responsible for the closure of your email addresses, social media profiles and blogs after you are deceased."

How will marketers fit into the social media afterlife? Even asking the ques-

tion seems a bit tacky. At least for now. But if the last 20 years of media evolution have taught us anything, it's that people always make room in their lives for technology and media. And if you offer them a free, ad-supported option, nine times out of 10 they prefer it to paying. So who knows how this particular scenario will play out? But one thing is sure: over the next decade, a greater portion of our lives will be spent interacting with media and technology. And where those things exist, advertising is never far behind.

"Whatever your opinions on our Internet afterlife," says Salzman, "you must admit one thing: this is anything but a dying market." 





Romancing the Second Screen

*Programmers race to add content and promote sharing
across multiple smart devices* **BY DAVID GOETZL**



Earlier this year, TBS took a big jump into the next frontier with a tablet app for Conan O'Brien's late-night show. It's already received a pretty good landing in the form of an Emmy nomination.

Conan's initiative, and similar ones by other networks, are a harbinger of where much of TV viewing is headed among the younger set. "Second-screen experiences" are starting to boom as the reach of iPads and other tablets widens.

The Team Coco app syncs "live" with the broadcast show, but also has a content recognition function allowing a tablet to recognize what's on TV and then turning on simultaneous viewing opportunities.

Those fall into two categories — extra content iterations and opportunities for social media connections. Maybe most important, the two can be linked to

capitalize on the social TV movement. For example, when a funny sketch or monologue ends on-air, a viewer can post it on a Facebook page or tweet it.

From a TBS perspective, that's valuable consumer-driven marketing. The dual-screen apps also offer revenue potential via advertising. AT&T was the launch sponsor for the Team Coco app.

TV viewing has long been considered a chance to relax on the couch, but with so many people now unable to watch without a device in hand, a tablet app dovetails with consumer behavior.

"The tablet has made it incredibly easy for people to have a lean-back experience with their hands leaning forward," says Chet Fenster, managing partner and director of content creation at MEC Entertainment, who helped craft the Conan app with Turner.

Networks are racing to connect with viewers during the second-screen move-

ment. During the recent London Olympics, NBC had a "Primetime Companion" opportunity with trivia, polls and athlete bios and social TV venues.

Technology providers are also racing to provide the backbone for the initiatives. Shazam, which allows the tagging of content and commercials, worked with NBC during the Games. Yahoo's IntoNow app launched a 3.0 version. And Nielsen has worked with ABC on synchronized opportunities. "We haven't even scratched the surface of what two-screen viewing can offer," says Fenster.

If tablets are set to provide one part of that syncing, what about the other part? The large, living-room screen that hardly anyone thinks will lose primacy in the home (even as apps from the likes of Cablevision and Time Warner Cable allow live-viewing of all channels on iPads in the home, which means in the hot tub if a viewer can keep the devices dry).

The long-distance run might lead to

Super Hi-Vision, a technology being developed by Japan's NHK. A picture 16 times crisper than HDTV and a pristine sound system together can provide a transcendent experience. It will be years before the "ultra high definition" is available in living rooms, but viewers were given a taste of it during the Olympics in the U.K. through BBC-held screenings in theaters.

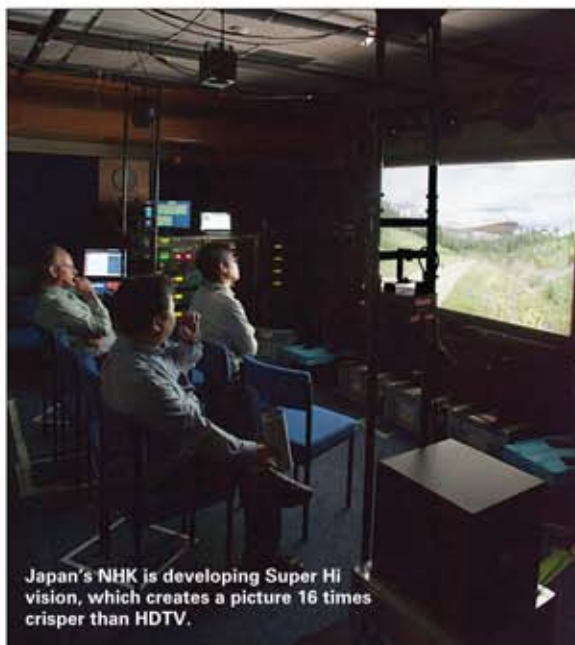
"The way I describe it to people — it's exactly like looking through a glass window at reality ... It's really in some ways the end of what the human eye can understand, so it's the end of the resolution story," stated Tim Plymington, who is leading the BBC efforts, on one of the broadcaster's radio shows.

He added that its 22.2 surround sound gives "the audience the experience of really being at a venue and what that means for sport and cultural events in the years to come is amazing really." Before Super Hi-Vision, manufacturers are set to release what they call 4K sets, which offer UHD (Ultra High Definition) — four times the picture quality of HD. It will be a while, however, before Super Bowl parties are dominated by these screens. An 84-inch flat screen from LG will cost about \$22,000.

In the meantime, questions persist about the fate of 3-D TV, which seemed so primed for widespread adoption. But uptake has not been as robust as many predicted. Perhaps the future came too early, though manufacturers are pushing ahead. "It didn't immediately take off the way that anybody would have thought," says Brian Siegel, Sony Electronics' vice president of television.

Nevertheless, Sony and other manufacturers remain committed and could gain more support with the rollout of 3-D sets that don't require glasses. Bulky glasses may have deterred some viewers during the first generation. For now, manufacturers appear to have retrenched and begun considering how to make a major 3-D splash with more consumer-friendly options.

"I am not willing to say that they can't



Japan's NHK is developing Super Hi vision, which creates a picture 16 times crisper than HDTV.

find a way that's not convenient and useful," says Pat McDonough, a Nielsen senior vice president.

Some have suggested a lack of content could have been a hindrance. ESPN, however, has a 24/7 3-D network with all kinds of big-time sports events, while Discovery also has one in partnership with IMAX and Sony. That venture just announced a slew of original programming, including a show about surfing in some of nature's most challenging waves.

DirecTV, however, recently said it would no longer program a 3-D network 24/7. Still, NBC offered over 200 hours of the Olympics in 3-D, the first time the Games were offered in the format.

For now, TV manufacturers seem to be focusing on smart TVs, which allow for Internet connectivity and other opportunities, from viewing Netflix on a big screen to surfing the Web to using Skype.

TV-Internet convergence had been long-promised; the new breed of sets and consumer attachment to the Web seems to have fulfilled, at least in part, that promise. In April, the Leichtman Research Group found that nearly 40 percent of U.S. homes have at least one set connected to

the Internet via a smart-TV-type functionality; a video game system; a Blu-ray player; an Apple TV or a Roku box. That was up from 30 percent last year and 24 percent the year before.

Still, video game systems such as an Xbox seem to be driving much of the Internet-TV connectivity. 28 percent of homes have at least one set connected via a gaming console.

Nonetheless, the potential of smart TVs would seem to be endless, with the opportunity to develop apps just as iOS devices provided. "The era that we are in with smart TVs in 2012 is where the Internet was in 1996," says Sony executive Siegel.

That generates food for thought about the transformative path that could be followed until about 2030. Netflix and YouTube have helped drive consumer use of smart-TV

functionality.

A Harris Interactive poll found Netflix (which has shifted its focus to TV series) is the leading "must-have" app among smart-TV owners (47 percent say so). YouTube, which is moving toward longer-form content, came in second at 44 percent.

Showing how much a smart TV can become a social-media device, Facebook came in third at 35 percent. Still, there are doubts about how many people will actually want to post on Facebook pages and tweet while watching.

"[That] other behavior may follow," says Nielsen's McDonough. "But the compelling reason for the connected TV is the entertainment content."

Related is the launch of Skype on XFINITY (for \$10 a month) in Comcast homes in May, allowing people to engage in video chats or send instant messages on their screens. The connections can take place in a picture-in-picture box as a show continues.

Skype's head of business development, Bob Rosin, wrote on a company blog that friends and family members can "watch the same game or reality show together and share your reactions to the same moments in real-time."



mobile
goes
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AS MARKETING BUDGETS AND STRATEGIES TAKE SHAPE FOR Q4 AND BEYOND, IT'S CLEAR MOBILE IS NOW LEADING THE WAY. NOW THAT IT'S GONE MAINSTREAM, GET THE INSIDE DOPE ON HOW BEST TO WEAVE IT INTO THE FABRIC OF YOUR MARKETING.

OCTOBER 23, 2012
LOS ANGELES

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All precincts of the TV hardware and software communities are working hard to improve search functionality to identify content. This identification will become increasingly important as options stretch from Netflix and YouTube's new channels, to live TV, to video-on-demand.

That's one aim of the Google TV platform, which is integrated into smart TVs sold in the U.S. now by LG, Vizio and Sony. The system scans the mass of viewing opportunities — in the hundreds of thousands with Internet video — and is able to provide consumer-facing actionable intelligence.

The efforts dovetail with Google's cornerstone search business, but the company wants to offer an industry-leading, well-targeted recommendation engine that offers suggestions about potentially appealing content based on consumer behavior.

"Search and discovery are absolutely necessary for this new world we're going into — it's not just a luxury," says Mario Queiroz, vice president of product management at Google TV.

Google TV also looks to simplify the process of bringing the Web to the TV. Its Chrome browser is available for simple traditional searching, but so is Google Play, other apps, and a YouTube experience optimized for TV.

There are multiple theories as to what the remote control will look like and how it will work. Vizio has an IR Blaster that works on a tablet and will serve as an all-encompassing remote. No matter the manufacturer, tablets and other second screens will be major players.

Sony's Siegel says "with second, third and even fourth screens in the living room, it will become increasingly important to consumers to be able to control

their TV — and other devices — from any device that is most convenient.

"Will there be a time when there is not the traditional remote as we think of it today? Probably. But, in the meantime, we're going to need it for data input as the entertainment experience becomes even more interactive and social," Siegel adds.

Navigation won't necessarily include only buttons, but options with voice and gesture control.

Looking further, Google TV's Queiroz suggests "shape recognition" could gain a toehold within a five-year period. The TV could have a camera and recognize who is in front of the screen, and make relevant viewing suggestions.

"The future of television is about recommendations being relevant for the person or the combination of people who are in the room at that point in time," Queiroz says.

Nevertheless, it remains unclear how new Apple TV hardware, presumably coming out in 2013, could alter the landscape. Potential link-ups with other Apple devices, the use of the Siri voice control system and other permutations could usher in more innovation.

Siegel believes voice control can help realize the dream of the connected home, in which multiple devices are closely linked. He can envision saying "call Mom" and having the phone dial her on the TV screen.



VIRAL SPIRAL

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OCTOBER 24, 2012
LOS ANGELES

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At the same time, it may one day be possible to watch a sports event on an iPad in the kitchen, walk into the living room and see the same event continue on the big screen. "It becomes easier and more seamless," he says. "It's like a motion detector with your lights."

DVRs continue to find their way into more TV homes, but there's the potential that their usage levels could actually decline. With the TV-everywhere movement, more consumption is likely to take place anywhere and anytime via tablets and other mobile devices.

"I really think that the other digital technologies have leapfrogged the DVR," says MEC's Fenster.

Even at home, as most top shows become available via video-on-demand, people might abandon their DVRs.

All of this suggests that a boom in on-demand viewing could be a plus for advertisers. Ads viewed online can't be skipped, while the fast-forward functionality can be disabled for VOD streams as

networks have done.

Interactive ads, where viewers can opt to have a coupon or sample of an advertised product sent to their homes, have started to gain some traction. But they still require a few clicks of the remote control. Microsoft has come up with a way to use the type of voice and gesture control that would serve as a remote control in that arena.

All without pressing a button, so-called NUAds (Natural User Interface Ads) from Microsoft offer remarkable opportunities — from tweeting about an ad to having information about a product sent via email to the address of a relevant merchant popping up on screen. Toyota, Unilever and Samsung Mobile are early advertisers.

The groundbreaking technology is only available on Microsoft's Xbox Live so far, as the company looks to turn it into a full-fledged entertainment device and move beyond the gaming routes. It will be interesting to see whether Microsoft licenses the technology to

another entity in the TV ecosystem such as cable/satellite or telco TV providers.

For Tracey Scheppach, an executive vice president at VivaKi, the key to the advertising vault lies with addressable advertising. So voice- and gesture-controlled ads have potential, but that won't fully be realized until an airline can deliver a spot about a loyalty bonus to a frequent flyer. "The most important thing for technology to be able to do right now is to send the right ad to the right home," she says.

Household-level addressability is possible in about 15 million homes via satellite providers and there are some options in local markets, but Scheppach would argue loads of ads still have little impact because they reach the wrong targets.

On the measurement front, there are opportunities to operate in a similar more granular realm. For years, Nielsen and other viewership data was based on tracking the age and gender of viewers. Now, there's increased interest in measuring how many ads reach potential auto buyers, or males who use certain grooming products.

Companies such as Rentrak and TRA are building businesses in this "single source" field, which will continue to evolve since targeting can always be improved. "It's a sea change that has been coming over time," says Bruce Goerlich, the chief research officer at Rentrak.

And measurement will need to be able to track consumption of particular content or advertising on TV and other platforms, including iPads. Nielsen and other companies are working assiduously on this.

"We're migrating to a place where we're focused on video no matter where it is and the device is," says Nielsen senior vice president Brian Fuhrer. "Follow the video" could be the mantra of TV's future. And nobody knows where the chase will lead. **M**



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SOCIAL LEAVES THE SILO

As marketers learn to focus more on ROO (return on objective) than ROI (return on investment), social marketing is infiltrating every platform

BY CATHARINE P. TAYLOR

If you're convinced that social media — and social marketing — is over, you might point to the stock market performance of three of the industry's erstwhile highfliers: group buying service Groupon, social gaming company Zynga and, of course, Facebook.

After peaking at just above \$26, about two weeks after its early November 2011 IPO, Groupon's shares have been in a death spiral the last few months, trading at just under \$5 as this story is being writ-

ten in mid-August.

Zynga? The social gaming company, which is Facebook's closest partner — and accounts for low double-digits of Facebook's revenue — has seen a similar drop in valuation. Zynga peaked in early March, at over \$14 share, less than three months after it went public. The company is still growing — and reported a 19 percent increase in revenue year-on-year for the second quarter. That result, however, was significantly below

analysts' expectations. As of mid-August, the stock was hovering at around \$3.

And then there's Facebook. Looking back to its May IPO, the snafus that surrounded its initial offering now look like they were a harbinger — even if NASDAQ, not Facebook, was responsible for the technical difficulties. After its first lockup expired in mid-August, shares were trading for about half of their opening price, and Peter Thiel, an early Facebook investor cashed out of some 20 million shares. Not exactly a vote of confidence in the platform's future.

So you'd think that interviews for a story about trends in social marketing would contain a lot of hand wringing. After all, Facebook, Groupon and Zynga rely on marketing as a major, if not a main, source of revenue.

But you'd be wrong. People deeply immersed in social media — be they agency execs, marketers, or the myriad technologists who support them — don't seem to be fretting over market caps. Instead, they see a world where the sky's the limit and the heavens are filled with dreams of connecting with consumers (instead of the storm clouds of market valuation doom).

Social data, says David Berkowitz, V.P. director of emerging media at Dentsu's 360i, is "a way to monetize everything that's happening on the Web."

Cockeyed or misplaced optimism? Perhaps. But this

unabiding excitement may also reflect a deeper truth: social media and marketing are going beyond their initial obeisance to particular platforms, metrics, or silos within marketing-focused organizations. In this worldview, social media isn't about the performance of a particular company, but about an increasingly important form of communication. "The big idea here is that Facebook is a big social graph, but the reality is there's a much bigger social graph than Facebook will ever be," observes Chase McMichael, CEO of InfiniGraph, a company that uses social data to help organizations create more engaging content. He envisions social as becoming "universal," part of "a collaborative, connected world" that has little to do with one platform.

Successful social marketing today also has a bit to do with nail polish, but more on that later.

Statements like McMichael's carry huge ramifications that seem to touch most parts of the social media ecosystem — and, in some cases, beyond. It shouldn't come as a surprise that nearly every segment of the ecosystem has its own spin on this central idea.

Take marketers, for instance. "We've done some modeling and metrics over the years, and we've already proved to ourselves that social touches every aspect of the company," explains Richard

Binhammer, director of social media and community at Dell, an early adopter among social media marketers.

An agency viewpoint? Ian Schafer, CEO of Deep Focus, predicts that social's increasing importance to marketing will spell the end of the siloed social media agency. "Social

media agencies are over," he says. "There will be fewer and fewer brands looking for social agencies." In case you had harbored the illusion that Deep Focus is a social agency, harbor no more. The company's home page now proclaims it "the Digital Agency for the Social Age" a statement, perhaps, about social

being an integral component to nearly all digital communication. Schafer sees the pressure on social agencies coming from both sides. He's been upfront in his belief that agencies that don't specialize in social will need to incorporate the discipline into their existing services. After all, who doesn't want their cool

new campaign to go viral? Meanwhile, he says, marketers' growing sophistication about social means they will increasingly take some social functions in-house.

But social media's bust-out goes much further, touching, as if it weren't completely obvious, the giant mishmash of 1's and 0's known as Big Data. Though Big Data is — as you might expect — hard to get your hands around, the increasing amounts of intel coming from social platforms — ranging from deeper data about shares and comments to who is sharing with whom — allow social to evade measurement based solely on ROI. "The reality is ROI is strictly a financial metric," explains JD Doughney, senior social media marketing manager at Coca-Cola. He advocates for ROO, return on objective, that takes into account that social marketing — as with some more traditional advertising forms — isn't always about the bottom line.

In fact, you could argue that the recent rash of consolidations — Salesforce buying Buddy Media, Oracle buying Vitruve, and others — are about just that, building more comprehensive data sets that integrate social media more fully into the whole. Jeff Ragovin, co-founder and chief strategy officer of Buddy, explains, "This is kind of a new chapter in social. There's a real opportunity here to understand what the ROI is." Though Doughney would probably counter that what Ragovin really meant was ROO, the point is taken. Combining Salesforce's CRM solutions with Buddy's social management solutions and the social listening from Radian6 — which Salesforce bought in 2011 — makes for much more insightful marketing. As Marcel LeBrun, who helms Radian6, said in a blog post: "By tying it all together, we simplify the CMO's world and become a single point of knowledge and insight for marketers and anyone else inside the organization who wants to



see a holistic view of their customers, connect their social profiles to their customer profiles, gain insight about what they want and act on that insight with content and engagement — all while analyzing the bottom-line impact.” Yes, these people are thinking BIG.

The weird thing about Big Data, though, is that, properly analyzed, it can yield some incredibly granular insights (like that one about nail polish). On a recent Wednesday, the Facebook Timeline for the Boston e-retailer Rue La La featured a picture of a woman’s hand, which was sporting two colors on each finger. At last count, the status update had garnered over 1,700 likes and 59 comments, one of the most popular items on the Timeline. “For whatever reason, people love nail polish,” explains Mike DiLorenzo, vice president for audience development and syndication at Rue La La. His mantra is that marketers must learn “to respect the sanctity of the Facebook EdgeRank,” the algorithm that determines how status updates appear in the News Feed, taking into account a variety of factors, such as how often two Facebook Friends interact on the platform. “It’s not sufficient to walk into an editorial planning meeting about social and talk about what we think we know,” he explains.

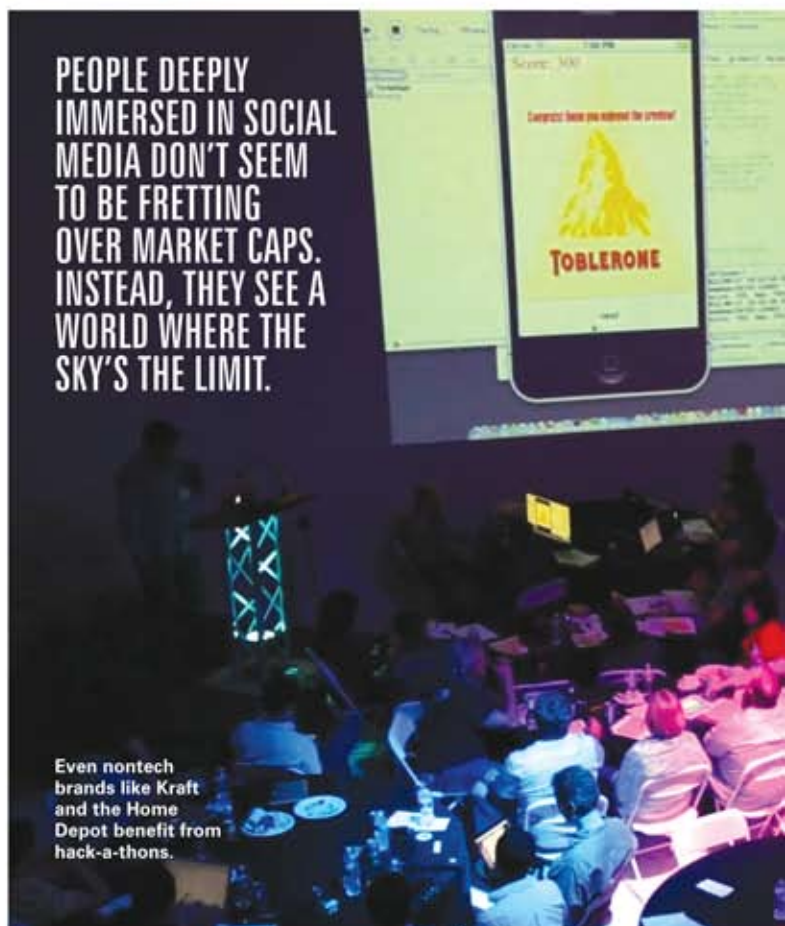
However, Rue La La, like most advertisers, isn’t solely focused on one social platform. While not every bright, shiny object strikes DiLorenzo’s fancy, Rue La La has been an early adopter of the visually rich Pinterest, because the latter attracts

a user base that overlaps with Rue La La’s audience of female online shoppers. “It’s impossible to ignore the curve,” he says.

Still, most of those interviewed for this story weren’t interested in discussing particular platforms. There’s no current trend that encapsulates this better than the rise of the API. In the past, if you wanted to see a mainstream marketer’s eyes glaze over, you would only need mention APIs (short for application programming interfaces). Why on earth would companies that market things like Cheez Whiz be in the business of writing code, let alone releasing it to developers who might iterate upon it? Precisely because marketing in digital, and in social, moved beyond the corporate Web site long ago. The open Web may not be a distinct location, but it’s where it’s at. “The smart brands have gotten past building a gas station in the desert,” says Doug Chavez, vice president of marketing at San Francisco-based RadiumOne, which incorporates social data into targeting.

That helps explain why two major, non-tech brands — Kraft and Home Depot — were sponsors in June of a Big Brand Hack-a-thon in San Francisco. According to a Tumblr about the event, Kraft let developers access an API of recipes connected to its database of products. Developers were asked to adhere to three guidelines — that whatever they designed be “platform agnostic, easily scalable and built using HTML5.”

“Brands need to figure out what their API strategy is,” says Chavez.



PEOPLE DEEPLY
IMMERSED IN SOCIAL
MEDIA DON'T SEEM
TO BE FRETTING
OVER MARKET CAPS.
INSTEAD, THEY SEE A
WORLD WHERE THE
SKY'S THE LIMIT.

Even nontech brands like Kraft and the Home Depot benefit from hack-a-thons.



Note that we're not talking about apps here. In an open-source world, an app downloaded from the iTunes store, though available — and usually free — to millions, can seem suddenly isolated, a one-to-one experience between app publisher and individual that doesn't necessarily scale. That's why, once again, the "s" word comes into play. The challenge for brands is to figure out "how these apps can be socialized," says Mike Germano, founder of Brooklyn's Carrot Creative. "I believe that when a person is intersecting with a brand on a social network, that's the highest point of interacting."

So where does this leave social's major platforms? As the prime generators of a huge river of social data, some from which they will profit — and some from which they won't. To a marketer — or social media investor — one of the strangest parts of the business is that pinboards on Pinterest, corporate Twitter feeds, and Facebook's Timeline for Brands are all free, as is much of the data that these platforms spew onto the open Web. Jason Cormier, cofounder of Boulder, Colo.-based Room 214, notes that as Facebook apps are shared, they give marketers a window into a much broader circle than the people who have friended your brand. "It's leveraging Facebook profile data outside of Facebook," he says.

So money is changing hands in social marketing, just not always in directions that directly benefit its major platforms. "Social media by design creates efficiency,

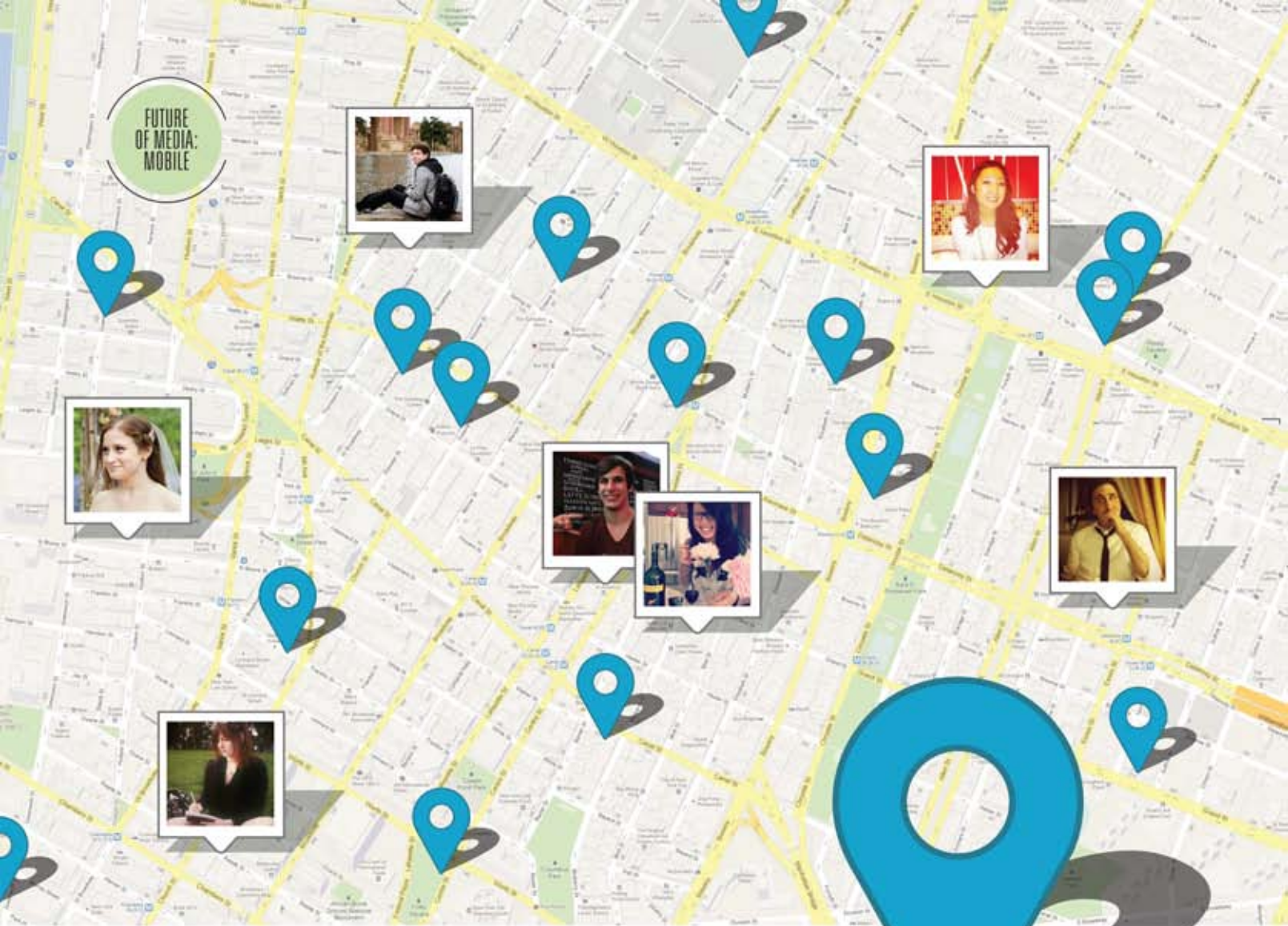
but it's not free," says Adam Kmiec of Campbell Soup Company.

The challenge for Facebook — and its rivals — is to figure out how much of that monetization can hit their own bottom lines. "Integration into every part of the Web is what's going to make [Facebook] massively valuable," says Germano.

Thus, marketers and investors should keep an eye on two recent developments that illustrate how Facebook is transcending its platform confines (and expects its rivals to do the same). One is the Facebook Ad Exchange (FBX), which launched in June. In partnership with a handful of demand-side platforms (DSPs), Facebook is now allowing marketers to target users within the platform, based on their behavior elsewhere on the Web.

But the bigger, though still nascent, play for Facebook is an ad network that would let advertisers target outside of Facebook based on profile data. For now, Facebook Ads are only showing up on the Web site of Zynga, but observers expect that Facebook will develop the network at some point. You need only consider how many sites have implemented Facebook Connect to understand the possible reach of this initiative.

For marketers trying to come to grips with social marketing, development shouldn't be looked at as something that will make or break the medium. Regardless of how social media companies perform on Wall Street, the social marketing genie is out of the bottle. And it doesn't look like it's going back in. **M**



FOURSQUARE'S MOBILE SECOND ACT

Or if a Yelper has a bad meal and there's no mobile device to hear it, does Foursquare make the recommendation? **BY JOHN CAPONE**

Everything is quiet at Foursquare HQ in New York. Perhaps too quiet. In the lobby, there is a table shaped like a giant check-in logo — now unused for checking of any sort. It's nearly August when we visit. Maybe everyone is in the Hamptons.

For a company that had just rolled out what was touted as a dramatic new plan, there seems to be a dearth of activity at the mothership. But Foursquare has always been the duck of the digital start-up world — kicking furiously beneath the water while co-founder Dennis Crowley maintains an air of millennial nū-slacker tranquility.

So maybe everyone isn't in the Hamptons.

Foursquare is something of an enigma. Seven years after its launch, many in the industry still wonder what purpose the application serves. A little over a year ago, Forrester Research CEO George Colony famously called Foursquare “nonsense.” The recent changes “begin to find an answer to the ‘why’ question,” says Forrester analyst Melissa Parrish. But she wonders, “Did they wait a little too long?”



as the capsule left the atmosphere. Its orbit? Referrals.

The pivot is a vital one, potentially saving Foursquare from the fates of its predecessor Dodgeball and its peer Gowalla and vaulting it into competition with the likes of Yelp and Google's Zagat (which is an element of the recently announced Google+ Local and may soon be joined in that program by Frommer's) and, possibly, a Facebook Places product (should Facebook ever get serious about it) as well as the Citysearches, TripAdvisor and Open Tables of the world.

THE RENOWNED FOOD CRITIC JONATHAN GOLD SAID IN A RECENT INTERVIEW, "IF YOU LOOK AT YELP FOR STAR RATINGS OR TO SEE WHAT'S COOL, IT'S USELESS, OR WORSE THAN USELESS — IT'S DEAD WRONG. BUT IF YOU'RE LOOKING AT IT AS A CATALOG OF PLACES THAT ARE OPEN IN A SPECIFIC AREA, THEN IT'S GENIUS."

the database. They're the signals that are driving this recommendations engine."

Mark Johnson, CEO of personalized social-graph-powered appazine Zite (acquired by CNN in 2011), points to Yelp's struggles to merge its product with mobile (or even to offer compelling recommendations) as missed opportunities. Such services have been a great engine for creating a rich (and largely untapped) data set. "Most of the value of Yelp, especially now that it's public, is based on whether they can use that data effectively to do something like restaurant recommendations," he says. "And they've really done nothing with it. Even their search is bad, let alone any kind of discovery."

Yelp, an older service, was created for the browser. And its inability to mine its data, while not wholly unpredictable, is frustrating to people like Johnson, who says "They've created a community where they've encouraged users to add a ton of a data about restaurants. Anything like Yelp is just a gold mine for people trying to create discovery engines."

Foursquare, of course, has been collecting a not dissimilar data set — one that is arguably more rich than Yelp's (despite the relative age of the two services). This is largely due to that fact that the vast majority of Foursquare's data comes through mobile devices. Furthermore, Yelp has a very different type of company culture than does Foursquare. As Rosenblatt said, "We're getting really

"What's the second act?" asks Jed Williams, analyst and program director at BIA/Kelsey. "What's the life beyond check-ins?"

Foursquare's Phase Two began in late June with the rollout of a vastly revamped app and a new focus. No longer were check-ins and badges the point, but rather socially driven, location-based recommendations angled as "Explore." By introducing Local Updates and the paid Promoted Updates for local business, Foursquare was trying to change the way consumers, businesses, and brands think about service. The app built its audience through game-like engagement features, encouraging friends, acquaintances, and strangers to compete on smartphones. Having exhausted that launch (though not without building a mass of data), it turned to the next phase. If Foursquare were a rocket hurtling into space powered by a fuel mixture of user growth rate and data collection, it now detached its boosters — mayorships and Swarm badges fell away

And with its mobile-first approach and facility with data sets, Foursquare could be better positioned than any of its peers.

"We still get 5 million check-ins a day, and have 2 billion in our system. What the check-in does is give us a lot of data about where you are, what your friends are doing, what you like, where you go — we don't need to guess," Steven Rosenblatt, Foursquare's newly minted chief revenue officer, told MediaPost in August. "The check-in and game mechanics of Foursquare — it was a great onboarding apparatus. But with the all-new Foursquare we rolled out in recent weeks, we've brought the concept of Explore to the forefront," he says. "It takes these 2 billion check-ins, and all this data, and we're getting really smart about recommending things to you."

"The check-ins began as the end unto themselves," concurs Williams, "and now they've become the means to a different and larger end for Foursquare. It's leveraging check-ins. The check-ins are



smart about recommending things to you." Nobody at Yelp says this.

In August, Yelp unveiled a new homepage design that, according to an official statement, "places a greater emphasis on activity from you and your friends." Yet its new interface was nearly indistinguishable from the old hurdy-gurdy homepage. Location doesn't seem to be the new Yelp's strong suit either. When I logged in on my laptop from my home in Northern California, it gave me recommendations for Los Angeles. When I searched for reviews of a restaurant on Main Street in my town — while I was standing in front of the restaurant — it couldn't find the listing.

There's no denying that dedicated Yelpers have built a strong online commu-

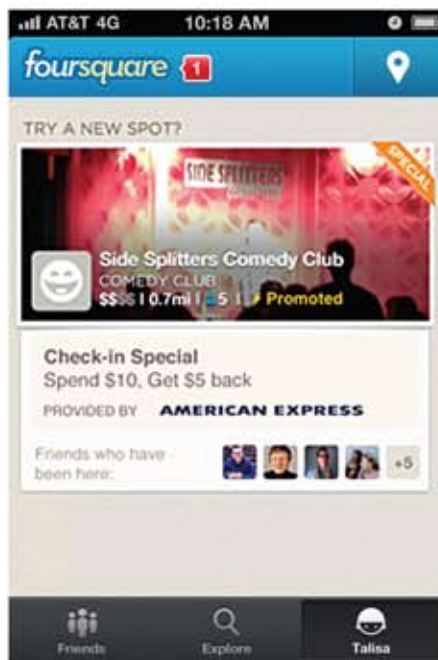
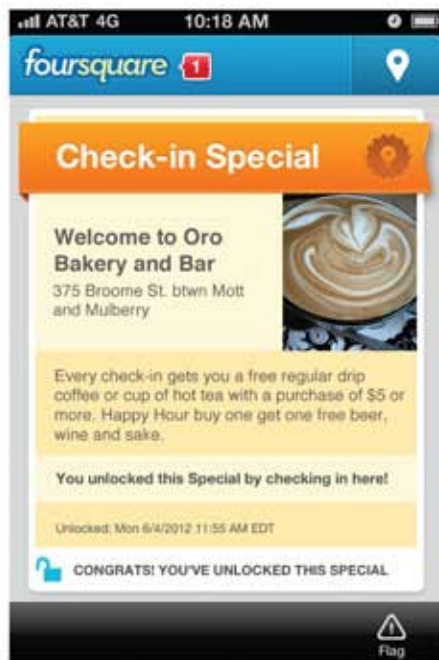
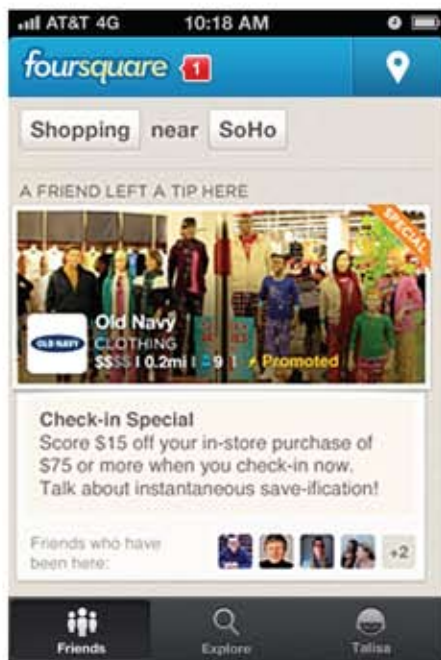
nity (one that's recently been skewered-slash-celebrated in a hilarious video series of actors reading real Yelp reviews). And they've certainly mapped their local dining establishments. But it has a long way to go as a recommendations engine. The renowned food critic Jonathan Gold said in a recent interview, "If you look at Yelp for star ratings or to see what's cool, it's useless, or worse than useless — it's dead wrong. But if you're looking at it as a catalog of places that are open in a specific area, then it's genius."

The amount of traffic Yelp receives from mobile is a small percentage of its overall traffic. Yet a large percentage of its searches come through mobile. According to the company, of 50 million monthly

active users of Yelp, 4.5 million come from mobile devices, but 35 percent of searches come via mobile.

But with its mobile component built-in, Foursquare could be in a better position to make waves in the mobile space. "Because the check-ins are leveraging location, they're leveraging the social graph — what your friends are doing, etc. — [so] it makes their recommendations different than those of a Yelp or the artist formerly known as Google Places [now Google+ Local] or any other sort of reviews site, or recommendations site," says Williams. "And, at least in its initial form, it's geared primarily toward the mobile device."

The level of relevancy or recommendations becomes crucial when applied



to local ads. If Foursquare is successful in its revamp, its ad products could have a much more attractive ROI and lead generation for local advertisers than products from Yelp or other competitors. That said, it's early in the game, and difficult to see the spend as anything beyond experimental at this stage. "Something like highly relevant recommendations from nearby businesses that have a social layer around them is a good example of something that really could be 'native' content but in the form of branded messages," says Williams.

Forrester's Parrish calls Local Updates and Promoted Updates an interesting low-cost prospect for local businesses. She says that mobile in general, "is probably the thing that will most clearly demonstrate ROI for small businesses." But, she says, effective mobile advertising will have to evolve. "Whether it's Yelp, or Foursquare or Facebook or whomever: Right now mobile advertising is about better-targeted paradigms that are taken from the online advertising space and I think that that is fundamentally wrong... mobile advertising is going to be about reaching exactly the right people with

BEFORE FOURSQUARE CAN RIDE OFF INTO THE SUNSET OF A BRIGHTER TOMORROW, IT IS GOING TO HAVE TO DEAL WITH TODAY.

exactly the right message at exactly the right time in a mobile-specific way. Now, I don't know what that mobile-specific way is eventually going to be. Will Foursquare be able to come up with what this new mobile advertising paradigm technically is? They've got some pretty-freaking-smart people over there. I wouldn't be surprised at all if they were the first ones to figure it out."

But before Foursquare can ride off into the sunset of a brighter tomorrow, it is going to have to deal with today.


Houston, we have a problem.

In August, Foursquare backtracked on its changes when users revolted at the loss of the nearby friends feature. Dedicated users, it seemed, weren't quite ready to give up the social networking stalking function. About a month after pushing the Explore feature to the fore in the app, Foursquare reintroduced "nearby friends." After all, Foursquare would like to keep its users — and the data they contribute. And, of course, they don't want check-ins to go away.

So what was going on at Foursquare HQ? There were no answers to be found.

A rep just parroted mindless nonsense about setting records "in nearly every engagement metric we measure internally" since relaunching the app.

Were they trying to push too much too fast? Existing users seemed resistant to immediately accepting Foursquare as a Yelp-like listings service or a recommendations engine. BIA's Williams says the removal of the feature seemed to be a miscalculation. "If you're going to do something like 'Explore' and really make it the crux of your platform and execute it elegantly," he says, "then something like 'nearby friends' actually makes a lot of sense."

But Foursquare currently faces the challenge of simultaneously evolving user behavior and company platform. "It's taken them a lot of time just mechanically and infrastructurally to get to a point where they had enough data to put into their algorithms to actually make recommendations," says Williams. "So now that they're finally at that stage — with 2 billion check-ins and adding millions a day — now that they have that data trove, deciding now to act on it and make recommendations doesn't mean users are going to convert overnight. The recommendations in these early stages are going to have to be really good — relevant and actionable — to try to capture user attention and speed up that transition." 



SEARCH'S SOCIAL EXPLORATION

In the latest version of Mars meets Venus, real-time media and social data are helping marketers discover the new Web **BY LAURIE SULLIVAN**

Ask a search engine a question through keywords, and it returns well-organized information by interconnecting pieces of content stored across the Web. No easy task for companies building the search engine, such as Google and Microsoft. Aside from finding the correct information, there are ethical and privacy concerns at stake.

The engines might do a reasonably good job today at serving related content. But they will be becoming increasingly sophisticated as more social signals support search algorithms and as alternative ways of searching, such as voice and even gesture-based queries, emerge.

And using the spoken

word to search is a “tricky” challenge, says Jack Manzel, product management director of search at Google, due to the ambiguity of language. Human conversation is built on content. Voice search requires the understanding of natural language and elements of speech not critical to textual queries.

Google may be the first word in search, with Google sites taking 66.8 percent market share in July. That translates to 11.8 billion U.S. explicit core searches, up 3 percent for the month, according to comScore. But it isn't the only company: Microsoft followed with 15.7 percent, up 0.1 percentage point, with 2.8 billion searches. Yahoo sites took 13.0 percent market share, with 2.3 billion. Ask Network accounted for 3.1 percent of explicit core searches, up 0.1 percentage points, with 548 million.



And Google was an early leader, developing voice search and speech recognition tools in-house, and using the shuttered GOOG-411 service (GOOG-411, shut down in 2010, was the initial version of Google's voice recognition technology). The company combined its speech recognition expertise, understanding of language, and the Knowledge Graph, allowing Voice Search to better interpret questions and sometimes speak the answers back as full sentences. Voice Search sits on top of Google's Knowledge Graph, which ties together information about relevant things, and search index turning voice search into text and text into speech.

Then there's Google Semantic Search, which the company calls the Google Knowledge Graph, a system that puts questions into con-

text. From each search, the technology gains intelligence, based on answers to billions of queries. The technology will organize content, and pull in related topics from across the Web. Universal search will enable images, videos, maps, email from Gmail, and more to serve up on the same Web page.

People searching for information won't need to open different Web pages to find airline flight times, prices, hotels, and meeting times. In the future, people who forget the time of a dinner reservation can opt to search online.

While a push search model will slowly emerge based on location, Gmail content, historic search queries, and personal calendar information, Manzel says it's not likely to happen any time soon without doing a physical search.

SEARCH'S PUSH MODEL

Microsoft's vision of search's future differs a bit. Redmond, Wash., researchers Daniel Liebling, Paul Bennett, and Ryan White provide a glimpse into the future of search and the process of query-free anticipatory Web search. The paper, "Anticipatory Search: Using Context to Initiate Search," published in August, identifies possible search content to determine ranking and recommendations.

Employing a log-based approach, the engineers compare methods for predicting potentially searched content based on pre-query context and behavioral signals. The research then predicts the URL a user will click in a set of search results. Rather than waiting to receive the user's query to generate the results, Microsoft uses the pre-search browse URL combined with

existing click-through data and/or the browsed page title to predict the needed content.

Users frequently click URLs that appear in the top results generated by this method, explain the paper's authors. Since these searches and clicks represent a real need for information, the research suggests that prior information did not completely meet the need of the user.

Web managers could find or expand on the information across sites by using the URLs to identify content their sites do not serve up. Search engines could leverage the pre-search context to present relevant URLs without requiring that the user issue a query. In practice, large advertising and search companies already cover much of the browsed Web via contextual ad matching.

"People will no longer say,



SEARCH WILL INTEGRATE WITH CALENDARS FROM ACROSS DEVICES, SUCH AS THE MICROSOFT KINECT, CONNECTED TO A 55-INCH SMART TV IN A FAMILY ROOM OF A HOME THAT ALSO ALLOWS CONSUMERS TO VERBALLY REQUEST A DINNER RESERVATION.

'I'm going to search for something online,' similar to the way they once said, 'I'm going online,'" says Stefan Weitz, director at Microsoft Bing.

As engines shift emphasis from keywords to natural language, content will serve up without the act of typing words into a search box. The Web originally consisted of linked documents and anchor text that sent signals to search engines through connected nouns. Real-time media and social data create the new

Web. Unlike ads, which pull in demographic data, Weitz says search relies on actions.

Until now, people were removed from the equation; search relied on a mathematical algorithm. Weitz says the ability to store personal data in Internet-connected devices and online in Facebook, Foursquare, Google+, Yelp and Twitter changes the Web. "It's no longer about a search engine optimization professional gaming the system to make sure his client's restaurant appears at the top of the listing," he says.

The "technical SEO trick" taps collective wisdom through an information supply chain that connects trusted friends who, by the way, check into the nearby German Pub four times in two weeks.

The industry has begun to see search technology analyze context through natural language processing, con-

necting to calendars, location and other data on connected devices across desktops, mobile and television to access data. Voice search will become a tool, but Weitz calls today's technology "a parlor trick," because of ambient noise and homonyms. Voice will become one of many methods including vision and gesture to find content.

The future will see a system smart enough to search on the consumer's behalf, creating a push rather than pull model, and helping people do rather than find things. "I'm at the office at about 6 p.m. in downtown Seattle, and my calendar knows I have dinner at 7 p.m. on the east side," Weitz says. "The virtual assistant sends an alert that says 'Hey, Stefan, I just did a search on your behalf for Seattle traffic. You should leave in 10 minutes to get there on time.'"

Search will integrate with calendars from across devices, such as the Microsoft Kinect, connected to a 55-inch smart TV in a family room of a home that also allows consumers to verbally request a dinner reservation. Hundreds of thousands of servers support searches. Weitz says parts of each Bing search query can span up to 10,000 servers, and get consolidated before the information serves up within 30 or 40 milliseconds based on any word on the planet.

The engines pull data sources from across the Web, but Adam Riff, senior vice president at digital marketing agency MediaWhiz, agrees the industry will need cloud storage and faster bandwidth speeds to support connections.

Stephen Scarr, CEO of Info.com and Zenya, predicts

that references for location, food, and prices pulled from a variety of data will cross-reference the request with booking information at restaurants to find, for example, a table for four at 7 p.m. The device will usher in the "death of the log-in," by recognizing the user by voice and biometrics, and by tailoring results based on personal information stored across the Internet.

People become the "Infomediary," Scarr says, pointing to a concept from John Hagel III and Marc Singer's 1999 book "Net Worth" (McKinsey and Co.). The theory suggests a string of connected content building an information supply chain accessible to search engines and applications that serve content based on dates, times and location.

Since consumer trust builds this information supply chain, Scarr believes search will rely more on the human psyche, and less on emerging innovative software and hardware. He says that to achieve a more relevant search experience, consumers must share lifestyle interests and need to assist search engines in determining syntax and location.

For example, a search engine query for "HP reviews" could mean Hewlett Packard, but boating enthusiasts would more likely want reviews on engine horsepower (hp). Geographic location compounds complexity. In England, Scarr says, users searching for "HP" might want HP for Hire Purchase information, or even HP Sauce, named after the Houses of Parliament.

Because trust plays an important part in such searches, Scarr doesn't believe the industry will see change until

Internet users feel comfortable sharing and updating personal information.

Although Google has hit privacy speed bumps before, the overall trend clearly points to personally identifiable signals, according to Will Critchlow, cofounder of SEO agency Distilled. Social signals and authorship markup are tied to individuals; even search results are becoming personalized. "We have known for years links that weren't placed by a person are not the ones Google really wants to count," he says.

Recent algorithm updates move the industry closer to Google's objective, but Critchlow believes that personal connections will become Google's key to advanced search.

HOW WILL SEO CHANGE?

SEO professionals will likely need to evolve and adapt to changes in the next five years. Search engines Bing, Yahoo and Google will make it more difficult for search engine marketing specialists to control the placement of content in natural queries, but some believe links will still play a part in optimizing Web sites. The major search engines continue to shift from link development toward content marketing, creating on a natural flow of links and connections. Building quality content will generate links and prompt search-marketing agencies, like San Diego-based Covario, to move from link development toward content development and syndication.

Andrew Devine, senior SEO strategist at Covario, says the industry's position on link development needs to evolve, by privileging quality content

rather than keyword stuffing to rank higher in the search engines. "Ten years ago you could pay for links or submit the site to questionable Web directories, resources with little value today, to see a strong impact on ranking, but now it's becoming more difficult," he says. "Google is getting better at determining the quality of content linking to your site."

As search engines place increasing emphasis on social signals, WordStream founder and CTO Larry Kim believes the value of SEO, though still significant, will diminish, becoming less productive and more expensive. Social search means increasingly personalized search results. Google favors popular matter in a person's network, as well as short-term search results generated by recent likes. Anything that Google does to make SEO a more volatile lead or sales channel reduces the latter's business value. More signals in the ranking formula means the coveted top organic search listing is harder and more time-consuming to attain.

Companies will likely need a full-time social media marketing professional to monitor and respond to chatter, grow the Facebook Fan base and Google+ and Twitter followers, as well as promote and share content on LinkedIn and Pinterest. Such a hire, in addition to the blogger, the link builder and the SEO manager, will lead to a rise in overall costs, Kim estimates.

In the past, link-building tasks might have translated into the generation of directory submissions, page-rank sculpting, article marketing, and anchor-text optimization.

Kim says that because many of these link-building tactics have recently fallen out of favor (and may even incur over-optimization penalties from Google), link-building has become very similar to Web marketing.

In the next five years people will find little distinction between general Web marketing and SEO, according to Kim. "Think back to the late 1990s when the Internet was new and there was a big difference between 'conventional' and 'Internet' marketing," he says. "Similar to the way marketing now includes the Web, I expect it will eventually just encompass elements of content creation, keyword research, social media, PR, and even online advertising, by default." ☺

A SEARCH ENGINE QUERY FOR "HP REVIEWS" COULD MEAN HEWLETT PACKARD, BUT BOATING ENTHUSIASTS WOULD MORE LIKELY WANT REVIEWS ON ENGINE HORSEPOWER (HP). GEOGRAPHIC LOCATION COMPOUNDS COMPLEXITY. IN ENGLAND, USERS SEARCHING FOR "HP" MIGHT WANT HP FOR HIRE PURCHASE INFORMATION, OR EVEN HP SAUCE, NAMED AFTER THE HOUSES OF PARLIAMENT.



Tablets' Dazzling Prospects

Designers and marketers are just scratching the glossy surface of this mobile device's potential **BY DAISY WHITNEY**

Call them couch toys. Call them heavy. Call them the focus of most agencies' emerging media energies these days. Any and all would be accurate. Tablets are poised to play a massive role in the future of media. They are likely to have the kind of reach that goes beyond the device itself to change the face of Web design, impact e-commerce, and alter the way TV networks and marketers interact with viewers.

Exaggeration? Not likely. It's hard to discount the promise of tablets.

"It's tough to argue with the sales figures," says James Kiernan, senior vice president and managing director of the digital magazine group at ZenithOptimedia. "Every single time Apple has a new device, there are more and more in hands and homes and that's difficult to ignore."

The numbers are already proving the reach of these tech-toys-turned-must-haves. Just two years after the first generation iPad rolled out and ignited a revolution, nearly three in 10 U.S. Internet consumers owned a tablet at the end of the second quarter of 2012, up from 20 percent at the end of the first quarter, says the Consumer Electronics Association.

The figure will keep growing. The

CEA says that 45 percent of all online consumers plan to buy a tablet in the next two years. "Rarely has a new device category been so quickly embraced by consumers, businesses and education," says Kevin Tillmann, senior research analyst at CEA, in a statement. Tablets aren't just growing in the U.S. Worldwide shipments are increasing at 66 percent each year and demand will continue to rise in the foreseeable future, according to research firm IDC.

It's not rocket science to understand why. Tablets are fun, a fact that popular activities reflect — consumers use tablets to watch movies and TV shows, to tweet and post photos on Facebook, to shop and to surf the Web. That's why nearly every agency is devoting resources to studying consumer behavior and ushering marketers onto tablets. But

don't expect to only see ad campaigns on tablets.

The bulk of the brand work will be done in design.

RESPONSIVE DESIGN

Consumers have quickly grown accustomed to the interaction of tablets, such as touching a photo and expanding it to a larger size. They also seem fond of tapping buy buttons with a fingertip or flying that Z across the board to earn a triple letter score in Words with Friends.

What these swipes and flips and flyways add up to is a new way to experience the Internet. Rather than sitting at a desk and clicking on a mouse or trackpad, consumers are touching the screen for the first time. The tactile experience adds a more personal element to any medium, and that's one of the reasons tablets have



"Given the scale of tablets and how they have grown, they will completely transform commerce."
-Lisa Weinstein, Starcom MediaVest Group

such high satisfaction scores: 89 percent of tablet owners say they're satisfied with the device, according to the CEA. That satisfaction has sparked a change in thinking about digital design. Bolstered by the foundation of HTML5 and its authoring capabilities, the quick adoption of tablets is ushering in an era of "responsive design."

"The idea is we can get to the point where we design Web experiences for the device consumers are using at any moment. I don't think anyone is there yet, but there is exciting stuff in development," says Brandon Berger, chief

will allow us to revisit what the native ad format for the Web will be."

Imagine an online ad world where horizontal, rectangular, and full-screen ads are no longer the norm. As multi-screen portability becomes de rigueur, it's likely that ad formats online will be tossed out the window and reshaped.

Brand experiences will change, too. Tablets are couch toys, but they're couch toys for a reason — rather than move over to the desktop or laptop, tablet owners choose to hop on Amazon or Etsy via their tablets. In that environment, should the buy button still live

them," she says. "Given the scale of tablets and how they have grown, they will completely be transforming commerce."

Marketers have already had to adjust to phone habits. Consumers have increasing recourse to smartphones for shopping, price checking and searching for product information. This behavior has forced marketers to start optimizing sites for mobile phones. But many have not. The IAB reported in June that 45 percent of the Fortune 500 companies do not have mobile-optimized Web sites.

Starcom MediaVest Group has worked with Google on a so-called



digital officer for Ogilvy & Mather. "It's the idea of designing platforms that can evolve, like an interface that can expand or shrink depending on the device."

Brands, Web sites, and publishers alike are working to build their content so it can be viewed on PCs, tablets and mobile phones, says Brian Monahan, managing partner at Magna Global. "Web pages haven't really changed since WordPress, but now there are different design elements like vertical scrolls and speeds of scrolling. You can also take the page and resize it and reformat it, and there's the idea of the horizontal swipe," he says. "We don't even know what this revolution in digital design is going to mean yet for the ad experience, but I am hopeful that the responsive design revolution that has been shepherded by tablet penetration

on the right hand side of the screen? Should there be less information on a product's page? Or more videos? There are no clear-cut answers yet, but marketers — especially those with e-commerce businesses — are rethinking the online shopping experience

"The tablet really is perfect for the impulse buy, so brands need to design their stores and sites to understand what they're consuming," Berger says.

E-COMMERCE TRANSFORMATION

Less is going to be more, says Lisa Weinstein, president of global digital and search at Starcom MediaVest Group. She urges clients to simplify and clarify their e-commerce design for tablets. "One of the key insights we have learned is you have to design apps for commerce in one to two taps or you lose

"ignition program" to understand the best practices for creating mobile-optimized experiences, Weinstein says. The agency started that program in late 2011 and will roll it out globally this year so clients can learn more about what works and doesn't work for tablet and mobile optimization.

Optimization is mission critical. As more consumers access sites via mobile devices, they become less tolerant of poor mobile experiences, Weinstein says.

BEYOND THE COUCH AND INTO THE MIX

Tablets are proving their usefulness in other areas. Walk into your local car dealer and the sales staff will likely show you extras on an iPad. RC Auto in Phoenix, for instance, has used iPads to

share pictures of cars and options with customers, as well as to calculate payments and costs. Companies like Xerox and Salesforce use iPads for customer engagement and presentations. Locally owned restaurants and yogurt stores even use them for cash registers.

In addition to business-to-business uses, marketers are testing tablet campaigns and branded opportunities. In 2011, OMD worked with Flipboard to bring together several OMD clients in an experiment, including Pepsi, Gatorade, Infiniti, CW Television Network, Showtime, Levi's, Dockers, Hilton

that tablets will claim about 53 percent of mobile ad dollars in 2014 and rise to 60 percent by 2016.

TV AND TABLETS GO TOGETHER

Area marketers are also eyeing the intersection between tablets and TVs. The two devices go hand-in-hand. Nearly half of the minutes spent on a tablet are simultaneous with TV viewing, according to research firm GfK Media.

But most marketers are missing the boat when it comes to mining this opportunity. Sure, there are plenty of second-screen apps and companion experiences

better link TV ads to mobile habits.

The key to pairing the two may come in sponsorship of high-value TV apps, such as ABC's Oscars app, suggests Dave Tice, senior vice president of GfK Media. "About three quarters [of tablet owners] feel that ads 'take away from their enjoyment' of their tablet, but a similar proportion agree 'ads are a fair price to pay' for free apps or content. There is an understanding of the implicit contract between ad-supported media and its audience. Relatively few people agree, though, that the ads they see are relevant, or fit in the context of the content.



Worldwide, GE, Hawaii Visitors and Convention Bureau and standup2cancer.org. Flipboard aggregated the user's social graph to create a custom magazine for each user. That deal has evolved into a close relationship that OMD still has with Flipboard to develop brand magazines for the tablet.


Starcom MediaVest Group has worked with clients such as Coca-Cola and Kraft on multiscreen campaigns that include tablets.

Beyond brand-led experiences, there will also be more digital ads delivered on tablets as mobile campaigns grow, Kiernan says. "People are using tablets to replace their PCs. So we'll be serving up more display, more rich media, more video. Tablets are another way to distribute digital ad experiences," he says. A recent Yankee Group study revealed

from TV networks. Few, however, are taking advantage of the fact that, while watching TV, consumers have a big buy button in their hands: that's to say, the smartphone or tablet. While nearly nine of 10 consumers have made a mobile transaction in the last two months, neither TV advertising nor programming were among the most popular influencers, says research firm Interpret. Factors such as word-of-mouth, online content, and online advertising played bigger roles in driving purchasing decisions on mobile devices. When a mobile purchase was made after seeing a spot on TV, only 12 percent of mobile buyers made a purchase immediately after seeing the TV ad, but 95 percent did so within the same week, Interpret found. This suggests marketers are missing a golden opportunity if they don't tap into the chance to

So the hoped-for ability of digital media to make ads more inviting through customization has not materialized for tablets, either. Tablets certainly are in the right place for trying to leverage a TV-to-tablet campaign; much tablet use is in front of the TV set."

What's interesting, Magna Global's Monahan says, is that many consumers avoid TV ads simply by moving their heads to look at a device, such as a mobile phone or tablet during a TV show, he says. Marketers would be wise to figure out what consumers would rather look at, and then serve that up on a tablet.

Ogilyv's Berger says that marketers should recall that (contrary to common parlance) the TV isn't "the first screen." The mobile device is usually the priority screen and it's certainly the one that allows for interactivity and purchasing. 



THE NEW FACE RACE



Redpepper's Facedeals are the latest in facial-recognition innovations. Will this incarnation be the one to blast through consumer fears? BY ERIK SASS

Well, *Minority Report* arrived a lot faster than most of us probably expected. Who knew it would have a Southern flavor?

Lost in the Olympic hubbub this summer was some interesting news from a small creative advertising and media agency in Nashville called Redpepper, which is testing an innovative new marketing platform in Nashville combining social media, digital out-of-home, brick-and-mortar retail venues, and facial recognition.

In the Redpepper system, called Facedeals, in-store cameras scan the faces of customers who have opted in, then use facial-recognition software to match them to their Facebook profiles, check them in to that location, and automatically deliver targeted promotions to their smartphones based on their interests and preferences, as expressed in their "Like" history. In other words, the system knows who you are (or at least, what you told Facebook about yourself) and uses that information to try to sell you stuff.

Perhaps inevitably, the announcement of Redpepper's experimental system provoked expressions of skepticism (to put it mildly) in the trade and consumer press. The word many people reach for is "creepy," and it's not hard to see why: Technology that can "see" you, identify you, and connect you with other forms of personal information summons up images of the two-way video screens used by "Big Brother" in 1984 and, yes, the ubiquitous surveillance in *Minority Report*.

There are some obvious differences, of course: For the system to work, the consumer must opt in to the Facedeals app on their Facebook account and connect their Facebook account to their smartphone; the scope of the video monitoring is limited to certain venues; and the man behind the curtain is just trying to sell you something, not finger you for the prison camps, making all those totalitarian analogies a bit overdrawn. Still, few people will be surprised if Facedeals and similar systems have to contend with reluctance stemming from our collective fear that, basically, robots are spying on us.



And FaceDeals does indeed represent a considerable advance (if that's the word) over other systems that use facial recognition for marketing in public places. In other iterations — for example digital signage created by Quividi or TruMedia, or digital out-of-home networks created by companies like Provision and InWindow Outdoor using Intel's Audience Metrics Suite — none of the information collected is used to actually identify individuals. Although some of these systems might be able to match names to faces if provided with a database of known images, they instead tend to be limited to more general information, for example gleaning demographic data like age, gender and race, as well as gaze-tracking to determine where passers-by are looking, in order to target advertising more efficiently. On the other hand, none of these systems require the user to opt in, and even without explicitly identifying someone, they can still create anonymous profiles which allow them to track behaviors over time.

The real reason FaceDeals, currently limited to a handful of shops in Nashville, has aroused so much interest is what it represents in terms of future capabilities. Redpepper has done the right thing by requiring consumers to opt in — but there's nothing to stop some other agency or DOOH network from adopting a more aggressive model that takes more liberties connecting identities to other sources of personal information, including social media or consumer databases.

For example, a considerable proportion of Facebook users still leave some personal information publicly visible on their profiles: A study published in February of this year by researchers at the Polytechnic Institute of New York University found that just 33 percent of Facebook users opted to hide all personal information on their public profiles (including age, high school name and graduation year, network, relationship, gender, interests, hometown and current city). Any one of these pieces of information, together with a publicly available name and a single photo, would be enough to allow facial recognition software to match individuals with personal characteristics for purposes of delivering ad targeting — whether they've opted in or not.

And that's not all: Given the capabilities of online analytics engines and behavioral targeting platforms, there's nothing to stop marketers from further connecting an individual in public to their online browsing history. It doesn't take much imagination to see that combining an individual's online behavioral data and their precise coordinates in the real world would yield a bonanza of actionable insights to marketers: For example, someone posting about their home-renovation project on Facebook and researching power tools online could receive targeted ads — via mobile, digital signage, or both — when they're near a hardware store. It's one thing to see disarmingly relevant ads delivered to your Web browser while you're online; how will consumers react when



the ads start appearing on digital screens at the mall or out on the street?

Lest anyone doubt that this is technically feasible, just consider that almost a decade ago, in 2003, some facial-recognition software could compare an individual face to a database of known faces at the rate of 70 million images per minute; at that rate, a system using facial-recognition technology could theoretically scan an individual's face and compare it to every Facebook user in the U.S. in a little over two minutes — and the software's capabilities have likely advanced in tandem with computing power over the last decade. Additionally, some software can now recognize moods and even health conditions, which could impart an extra level of creepiness to ads targeted using that information, anonymously or otherwise.

In short, there's plenty of reason to be leery of where technology is taking us, both as a profession and society more broadly. Playing devil's advocate, however, it's not impossible to imagine ways to make such systems work without alienating the public.

The most important element, of course, remains the opt-in: Hopefully, most marketers will recognize that, even if it's technically feasible, any attempt to match social media profiles to individuals in public spaces without their explicit

permission will likely end in disaster. In any event, increased consumer awareness of basic Web privacy practices may, over time, limit the amount of publicly retrievable information about individuals floating around online in the first place.

Presuming that opt-in systems become more common, there remains the question of incentives: How can marketers persuade individuals that they should allow themselves to be tracked in this potentially unsettling way? One obvious way is discounts and special offers, which could be extended to cover a wider range of venues and product categories. How many people would agree to opt in for facial recognition in return for, say, an across-the-board discount of 5 percent off everything they buy — from cars to consumer electronics to packaged goods to gas to airline tickets, and so on? Conversely, once someone has opted in for facial recognition, a single advertiser could reach that person across multiple platforms: For example, a series of video ads forming a unified narrative could be delivered to an opted-in individual starting on their PC or mobile device, then migrating to DOOH screens in public spaces.

But all this remains hypothetical, at least for the time being: It's important to remember that the rules governing even the first wave of facial-recognition technology — meaning simple, non-identifying uses like those described above — are still very much up in the air. In a letter to the Federal Trade Commission published in December 2011, the Center for Digital Technology, which has pioneered the policy debate about facial recognition, pointed out that “federal laws — and nearly all state laws — do not provide American consumers with basic privacy protections when it comes to biometric information collected for commercial purposes online or offline.”

For its part, the industry hasn't been entirely idle when it comes to self-regulation. In the same letter the CDT commended two industry organizations, the Digital Signage Federation (DSF) and the Point-of-Purchase Advertising Institute (POPAI), for drawing up voluntary guidelines intended to govern the use of facial recognition by DOOH networks and place-based advertisers. These include requiring consumer opt-in for directly identifiable information; forbidding the collection of biometric information from minors; and providing notice to consumers when biometric data is being gathered, even if it is anonymous. But the CDT also notes that “there is no overarching set of privacy standards covering all or even most commercial uses of facial recognition, and the overall compliance rate with existing privacy standards related to facial recognition is unknown.”

Just as important from a marketing perspective, given the potential risks to brand reputation and image, it's also doubtful whether the general public is currently even aware of the capabilities offered by basic facial-recognition technology. As this awareness grows and public opinion about facial recognition gradually coheres, it will doubtless drive the legislative and regulatory process forward — but given the current low level of awareness, the eventual outcome is all but unforeseeable. **M**



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CAN ONE TV BRAND 10 BILLION DEVICES?

From Shark Week to TreeHugger, the Deadliest Catch to its latest investment in brain apps, Discovery wants to dominate the nonfiction universe, one shiny rectangle at a time.

Roughly a year after joining Discovery Communications, JB Perrette wants to talk about the future — not just next season, or even five years from now. He's ready to dish about how this company is growing beyond its cable-programming roots to become a "next-generation knowledge company." He fills *MEDIA's* Sarah Mahoney in on what's next.

Back in May, Discovery bought Revision3, a major Internet video production company, with something like 23 million monthly unique viewers on 27 channels. What's the goal?

Our mission is really about transforming the company. We call ourselves the No. 1 nonfiction media company, which is really about television. And we are trying to transform that to be the No. 1 nonfiction media site across all screens. That's the core of our mission. Our historical focus has been delivering great sto-

ries to all of our audiences, on 100 million multichannel homes in the U.S., or 1.7 billion homes globally. That's a fantastic business, and will continue to be a great anchor business for us going forward.

But now the world is about a billion devices domestically, and 10 billion globally. And every single one of those devices is a glowing rectangle that is a video screen. Each one is an opportunity for us to deliver great experiences, and video is an incredibly powerful media. We want to lead not just in TV, but also across all those rectangles, around the world.

To do that, we have two core assets. One is, of course, our television content. We've got 13 channels domestically, and 40-plus globally. And that content, given that most of them are supported by a dual revenue stream model, available across all screens.

But there are enormous amounts of new audiences, some of which overlap with ours, that are being developed in new platforms on the Internet, whether that is YouTube or Xbox or Amazon or Netflix.

So we want our content on all those platforms, but we also want to be part of new content, and that was the impetus behind the acquisition.

How is creating video different than what you do for TV?

It's different in many ways. The formats are different. The length. The tone of the stories, in that they are much more personality driven. It's more intimate, and more fan-based. The production costs are extremely different.

And it's not just about producing the episodes. Once it's produced, much of the work still has to be done, on sharing, on social, dealing with the comments regularly. Will that be daily? Weekly?

So Revision3, as a pioneer in that space, provides us with the capability and know-how to be able to produce for that audience, and why we're excited to do more with them.

Is there a common thread?

Yes, the consistent thread is authenticity across the traditional TV portfolio, and

REACH

TALKING WITH JB PERRETTE, CHIEF DIGITAL OFFICER, DISCOVERY COMMUNICATIONS

new digital. Authentic, great storytelling is what makes us similar, even if the way we tell them is different. And it's unique to us.

Can you give us an example of something Revision3 has done lately that you love?

It was just the 25th anniversary of *Shark Week*, and we got Internet personality Phil DeFranco to host the "25 Biggest Bites" countdown. He has an incredible following, and gets almost 30 million views a month, and is a big fan of *Shark Week*.

We said, "We'd love to integrate you into our programming." In addition to hosting, he also did this very funny promotional video for it, spoofing the low budgets in online video versus TV.

Selectively, where there is a right fit, we will use online talent on TV. Another example, and something that was in the works even before the acquisition, is from *howstuffworks.com*, which is one of our sites. There is a very popular podcast, *Stuff You Should Know*, and it was working with the Science Channel on a

pilot series, scheduled to air in January. That won't work in every case — there's plenty of digital talent that doesn't want to do TV. So that won't be our definition of success, but when it makes sense, great. It's one more way the digital and TV world are coming together.

Discovery just announced that it was part of a \$31.5 million investment group in Lumosity. What does that investment mean?

Our core strategy is around video, and this idea of being the No. 1 nonfiction video company across all screens. And we focus our core resources on that.

But we are also cognizant of the fact that Discovery is a brand that for 25 years has stood for igniting curiosity. That's an incredible brand purpose, and it's larger than just creating great television experiences. It's showcased in the education business we have, and when



you talk to people about what the brand attributes really mean — smart, curiosity. It has attributes that we think are much more powerful, and could form a next-generation knowledge company. I'm talking five or maybe 10 years down the road.

So we don't want to dilute our core purpose now. But we do want to make some limited strategic bets and investments in what we think [is] very central to this knowledge space. Lumosity is a logical fit. It's rooted in science, and they have great relationships with researchers. And they are bringing the elements and the fun and cool elements of games to the area of brain capacity and cognitive skills. When you think what people spend in time and money on physical fitness, we think there is a massive new world of opportunity for a focus more on brain fitness, and brain function.



Spooing Shark Week with raspberry jelly and faux fins for kitties is just one way Discovery is melding its TV and Internet brands.



Can you talk about your core demographics, and the incredible appetite young people seem to have for the kind of video you're talking about?

There's always been all this talk that professional video will go the way of the music business, or publishing. But if you look at behavior, and the way demand is growing, it's not so. Time spent on video is growing. Distribution, the number of places where people can get it, is growing. Every rectangle that gets produced, from a Kindle Fire to a phone, these are all video-centric. That is a great sign for more video consumption over the years to come. Our need to tell great stories to meet those demands, not just for the next year but also for the next 10-plus years, is what gets us excited.

Do you have a demographic sweet spot? And how will it look in the future?

From an ad-sales standpoint, its 25 to 54 from our TV networks. Some channels are more male, some more female, but the portfolio, all in, is pretty well balanced between men and women. On the digital side, we will move the skew younger, not just in TV, but the overall portfolio. So what we can provide advertisers is [a] much broader demographic, bringing in 12 to 34 males and females. That's going to allow us to innovate ad formats for our marketing and advertising partners.

What are the three most important trends facing your brand right now?

The video trend, of course. And the mobile trend, which is obviously an

increasing share of audience. We're trying to monetize that, just like everyone else. And you have the social trend. We have the second largest social footprint in cable, with over 65 million Facebook "likes," and I think we are just beginning to scratch the surface on how you take this enormous network of frankly promotional capability, new consumption patterns, new ways to surface content, and new ways for people to find content. If I know you like something and you and I are friends, well, here are the top 10 things my friends are watching. That sets up a whole new social electronic guide about what to watch. We're excited about this.

If you were starting over today, what business would you want to be in?

This one! For 50 years or so, television was essentially the same. There was evolution, there was cable, color, HD. But then around 2000, things really changed. We don't have all the answers, but I look it at it and say, lots of generations don't get the opportunity to shape an industry. It is completely a new dawn and while we don't know how it will all play out, if I were 18 or 22, I'd be part of this in a heartbeat.

I'm shocked. I thought you would say something like, "Mako Fisherman."

I'm a big fan of *Deadliest Catch*. That's the escapist male in me. If I weren't doing this, I think a lot of men think, "Wouldn't it be cool if I could go out in a boat and fight the elements in the North Pacific." It might be less cool on the ship, but from my living room, it still seems pretty amazing.

What are your media habits?

I am a comedy fan, on TV and online. I like the *Daily Show*, and I'm a big Comedy Central fan. With digital stuff, I'm much more of a consumer than a publisher. I very rarely tweet, but I follow people. Same for Facebook. And I try a lot of stuff — apps and so forth, to stay current.

You have a three-year-old. Is he allowed to watch *Shark Week*?

No. He is not allowed *Shark Week*. But he can work the iPad. And he did take my phone off me at bedtime last night. ☹

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THE RISE OF THE 18-YEAR-OLD

RADICALLY CONNECTED KIDS

Think of them as the sweetest spot in Gen Y, and the biggest part of the population bubble. Why are they so hard to find? BY CARRIE CUMMINGS

They were born in 1993 and 1994 — during Clinton's first term — and they're just now coming of age. These 18- and 19-year-olds are your new demographic. And you can't reach them. Yet.

They're freshmen and sophomores in college. They only use email to communicate with their professors. They laugh when asked if they have a cable provider. They'd rather text their parents than talk to them on the phone. They don't even know how to get a landline installed. And they wouldn't want one, anyway. They don't listen to the radio. They stream their TV online.

Meet MediaPost summer intern Danielle Gluck. She's 19, a rising sophomore at Lehigh University who takes two days to respond to an email (unless she gets a text telling her to check). "Over the summer I'll usually only communicate through text," she says, "but in school I talk to all my professors through email; during school I'm as reachable through email, especially since email comes to my phone."

"The trend for email use in younger age segments is declining rapidly, and we attribute that to a shift

to Facebook, texting," says Andrew Lipsman, VP, industry analysis at comScore.

But he isn't worried that this generation will sound a death knell for email. "Is this the end of email long term? No. Right now," he continues, "this age group's lifestyles afford them the luxury of not using email. That will change when they enter the work world and are reintroduced to it."

A 2010 eMarketer study found that 43 percent of 18-24 year-old find texting as meaningful as an actual phone conversation. Gluck is

WHEN ARE THEY TALKING?

A breakdown of 54k+ posts on Class of 2015 Facebook pages from March through October



70% of the back-to-school conversation on Facebook is

part of that 43 percent, even when it comes to communicating with her parents in New Jersey. "Usually I'll text them, and if I want to have an extended conversation, I'll text them a good time when we can talk."

The bottom line is that this group wants meaningful connection that is also convenient across all platforms.

Mike Sepso, chairman and cofounder of Major League Gaming, a decade-old electronic gaming company that targets what they call "digital natives," thinks the 18- and 19-year-olds aren't much different than the upper part of their demographic.

"The interesting thing is that group sort of spans an interesting digital divide a bit, and the lower range was literally born post Internet," he says. "All of them kind of came into being media consumers within a six year span so it's not too far apart. There is a difference in 21-24 year-olds, but the reality is that those differences erode quickly. If anything, the differences are more content oriented than manner of consumption."

Sepso notes that this demographic are heavy consumers of online video — more so than any other group. They've also never consumed media through traditional channels.

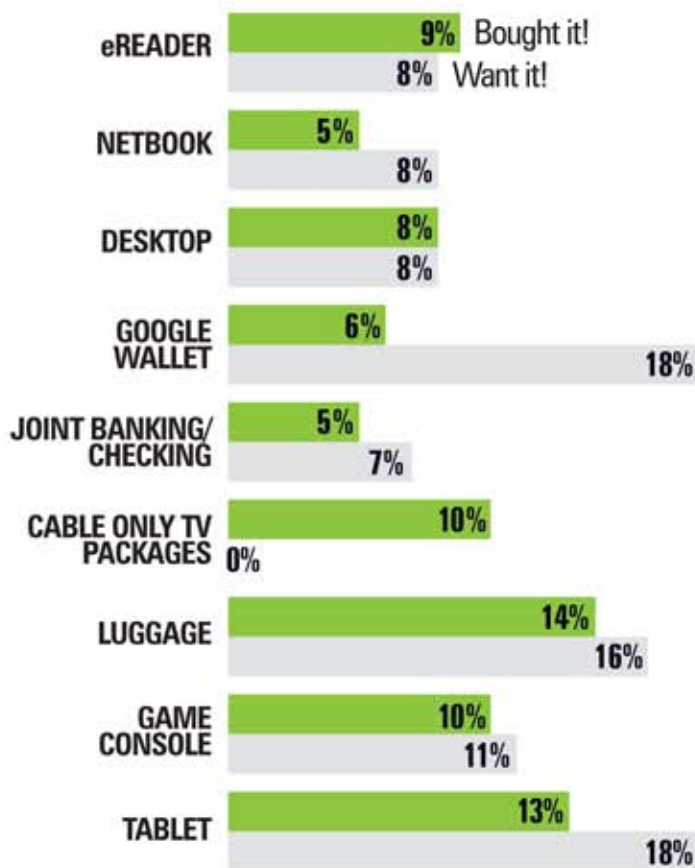
"They are much heavier online video consumers — particularly YouTube. Online video consumption skews heavily to the male side of the 18-24 demographic" Lipsman says.

New York City-based marketing collaborative, MR.Y, formerly known as Mr. Youth, recently released a comprehensive study entitled "5 Ways to Friend the Class of 2015," surveying 5,000 incoming college freshman about their media consumption, as well as their feelings on brand marketing. The results point to some shocking realities about this generation, namely their values.

Their values have been heavily shaped by the climate in which they grew up. This group has always known a chaotic world. They were seven years old on 9/11, have seen natural disasters destroy communities and witnessed

WHAT'S NOT ON THE LIST?

"Nice-to-have" items are this year's "have nots" as cash-strapped students stick to essentials



JUNE

14%

JULY

16%

AUGUST

19%

SEPTEMBER OCTOBER

7%

5%

over before marketers start engaging incoming students

THOUGH INVERTING THE IDEA OF PUBLIC AND PRIVATE LIFE, THIS DISCREPANCY MAKES SENSE. THIS GROUP IS, AFTER ALL, CONCERNED WITH MEANINGFUL CONNECTIONS. HOW COULD THEY BOND MORE EFFECTIVELY OVER A PAIR OF SNEAKERS THAN PHOTOS OF SHARED EXPERIENCES?

a financial meltdown that probably impacted them directly. As a result, they strongly believe in giving back to their community, are environmentally-conscious, and welcome racial and cultural diversity.

On the upside, they grew up with Facebook and watched an average college kid nurture it into a multi-billion-dollar company. They truly care about marriage equality (they think it's a good thing, obviously), and they make efforts to appreciate the things they have – family, a home, friends.

"Their goals," the study says "are different from Millennials and they are not a generation of 'haters,' nor are they anti-establishment.

They see the value in discipline and rules, and view their parents as their most important role models."

Marketers should heed the study's rebuff of "haters" which can be translated into a need for marketing transparency. These kids are smarter than the rest of Gen Y – don't lie to them, and don't try to push on them a product that they may not need or even want. To reach them is to create a conversation where they live: online.

"You have to understand that the characteristics of online work communities facilitate a much quicker spread of word of mouth marketing than existed in a traditional world where brands really had to use media and

PR efforts to drive word of mouth," says Sepso. "Now it happens primarily through social media and network communities."

Leah Bell, president of UQ Marketing, is more optimistic about the power of word-of-mouth offline. "There's no denying the popularity of texting and social media among college students," she says. "However, students begin to develop their long-term purchasing habits based on recommendations from their peers."

She and Sepso agree, though, about brands' needs to infiltrate young consumers' daily lives. "Brands need to interject themselves into these real-world conversations," says Bell.

CASE STUDY: HOW ONE COMPANY REACHES 18- TO 24-YEAR-OLDS



To reach an audience of 18- to 24-year-olds, advertisers must shift their thinking not only about the medium, but also the message. New distribution channels require new strategies and a new kind of young, digitally focused consumer demands a conversation with brands, not a broadcast message.

Over the past eight years, Major League Gaming (MLG) has built a large, global audience out of what was once a passionate niche. Along the way, MLG has helped large consumer brands build valuable relationships with tens of millions of MLG fans by consulting with advertising partners to adapt successful

messaging and programs to reach an 18-24 consumer base.

MLG's user base has grown to eclipse traditional sports broadcasts on cable television. In fact, MLG's most recent Spring Championship online broadcast reached 4.7 million viewers in a weekend with an average viewing time of over three hours. The final matches of the tournament peaked at 1.35 million 18- to 24-year-old male watchers — a larger audience in the demo than the Rose Bowl and the NBA Playoffs.

While those stats may sound surprising to those who were born before MTV, 18-24s have grown up in a completely digital world and it doesn't surprise them at all. Rather than adapting to a digital paradigm from traditional media, they simply grew up in a digital world. This first generation of digital natives are residents of networked communities — groups who gravitate around an interest and communicate through online channels to create thriving vertical social networks.

MLG has developed a winning formula of positioning advertisers in their Networked Community as "Patron Members." Rather than simply pumping standard creative through a digital channel, MLG works with advertisers to understand how to become a part of the conversation. Becoming a Patron Member of a networked community doesn't simply mean updating your Facebook page or Tweeting about new campaigns. It means digging in to learn about the properties, events, bands, websites, videogames and other passion points that develop networked communities. A typical message doesn't work through this channel, so MLG works with partners to become supporters (patrons) of key elements of the activities our members love.

MLG is a focal point of a large, global networked community of tens of millions of members made up of hundreds of sub-communities. MLG members communicate through Twitter, on Reddit, over Skype, through YouTube videos, in-game messaging,

That's surprisingly difficult, consider how very connected these young adults are: 80 percent use two or more devices while watching TV, 76 percent spend at least an hour on Facebook every day, and 59 percent even go on Facebook during class.

The huge obstacle for marketers trying to reach consumers through disruptive channels like Facebook and Reddit is creating authentic content and experiences. The only way to accomplish this is through transparency and respect.

Back to the MRY study. The company found that this class really has no problem sharing intimate details of their lives – sexual orientation, relationship status,

personal photos – but they aren't keen on talking about the things they buy, where they're located or their home addresses. Though inverting the idea of public and private life, this discrepancy makes sense. This group is, after all, concerned with meaningful connections. How could they bond more effectively over a pair of sneakers than photos of shared experiences?

Marketers – it's your job to make them bond over a pair of sneakers just like they would over party pictures. And you can.


Taking your message to Reddit is a good way to foster an authentic experience for potential consumers. Should you go to a subReddit and start giving away free stuff? No.

"That's the exact opposite of what you should do," says Sepso, whose company is an active member of the popular gaming community on Reddit. "One of the reasons Reddit is so successful at managing authenticity is because the active members have a lot of power to up or down vote individual post. That means someone who isn't a member has a real difficult time coming in and pushing information."

Authenticity is also a powerful tool for garnering Facebook-likes for a brand. Simply put: a successful brand page has many followers, contains wall posts that align with the user's views, and generates meaningful content. But don't fool

yourself by assuming that a Facebook connection is necessarily meaningful. The MRY study reported that while 50 percent of these kids have 300 or more "friends," on Facebook, 73 percent say they need to spend time with them in person before considering them real friends.

This generation isn't impossible to reach, but doing so is difficult because they are resistant to traditional media devices and messages.


Why should you care, anyway? Perhaps Lipsman sums it up best. "Sure, they may not have a lot of purchasing power now, but they will be powerful in the future. Their habits are different than other demographics and marketers need to be aware of this." 

on the MLG website forums and at MLG events. Navigating this ecosystem isn't easy, but success can mean high-impact campaigns with direct, measurable effects at retail and online. Much of what MLG has learned and put into practice with partners like BIC Flex4 Razors, Dr Pepper, NOS, PlayStation, Xperia Sony Smartphone and Red Baron Pizza can be applied to other brands in other networked communities.

Five Things Marketers Don't Understand About 18- to 24-Year-Olds

- To 18-24s, traditional media isn't dead; it never existed. Video is online; games and social make up the rest.
- Transparency is Key. The more insight and honesty, the better. This demo can tell when they are being marketed to.
- Lifelong Brand Loyalty Starts Now. They are choosing the brands they will

stick with as adults.

- Speak to Them, Not Above Them. Make them part of the conversation. They thrive in networked communities; brands must be patron members.
- They Are Your Evangelists. The soapbox has been replaced by the retweet. Deliver a message under 140 characters like these bits of advice. 

Mike Sepso is Co-Founder and Chairman, Major League Gaming





My Post-Parenthood Media Wasteland

As Gen X settles into its Docker years, our intrepid new dad comes cleans about all the media he's loved — and lost BY LARRY DOBROW

When I became a father last November, I betrayed my family.

Not my actual family, mind you — they're still treated to the same old mix of unhelpful helpfulness (e.g., I recently devoted a full evening to concocting a vinegar-based solution to detoxify the laundry I abandoned in the washing machine 96 hours earlier) and blithe inconsiderateness ("Honey, I know you just walked through the door following a 13-hour workday and haven't eaten since breakfast and need to feed the kid, but I can't find the remote control. I'm thinking I might've left it in or around the freezer. Can you fetch me a penlight and my mittens?"). No, I'm talking about my *Modern Family*, the one laser-beamed into my cable box every Wednesday night at 9 p.m.

Twenty or so post-October-2011 episodes reside there, lonely, static, hoping against hope that my wife and I will get our media-consumption act together and liberate them from their set-tomb. Alas, that's where

they'll probably meet their demise: We are moving soon and plan to start anew with a virgin DVR, one likely to house more family programming — Muppets, Dora, and the like — than the end-of-day reality dreck/brain carbs that had long occupied that particular lot of digital real estate.

We haven't just withdrawn our support of ad-sponsored content. According to billing statements that we've probably ignored for eight months, the dwelling in which my wife and I reside ingested a steady diet of pay-per-view content between the months of June 2009 and November 2011, culminating with the purchase of *Beginners* (five-word review: "Far less twee than expected") on November 5. The next registered purchase came on July 28, 2012 (*The Descendants* — "Besieged families = Oscar catnip"). Similarly, the book I was reading in November (when Junior decided to make his grand entrance) was Keith

Richards' *Life*, which I perused less for the tales of rock-and-roll bombast than for the parenting tips — most relevantly, how to introduce an eight-year-old to the delicate art of rousing a paranoid, drug-addled parent who sleeps with a loaded gun under his pillow. I finished it in early May.

So, yeah, whenever somebody asks how becoming a parent has affected my media-consumption diet, I try to change the subject before they start rhapsodizing about *Homeland*, Rob Delaney's Twitter feed, and the rest of the great stuff that I missed while juggling Diaper Genie refills. I'm not complaining, given the staggering volume of joy and wonder and beauty the kid has brought into my life. But as a [sounds air horn]-year-old Generation-Xer, some small part of me wonders if I'm affected by the sudden media disconnect more profoundly than new parents of earlier and later generations are/were.





Each generation makes grand, sweeping generalizations about itself, I know. So with the caveat that I might be universalizing my own isolated experience — and the promise not to self-mythologize like a Baby Boomer who has just caught wind of a new Eisenhower biography — I'm beginning to wonder if the aforementioned disconnect has something to do with the way my peers and I have straddled media eras.

Unlike the Generation-Y kids who followed us, we remember the days of three over-the-air networks and starched newspapers blanketing the kitchen table. At the same time, we've also been engaged online for most of our adult lives. Perhaps, then, Gen-X newbie parents sucked into the swirling infant time vortex feel the pain of media deprivation because we've inhaled so much of it, in forms both (comparatively)

primitive and newfangled. This is where one would ordinarily discuss the results of a study that confirms or shreds this half-assed theory, but no such research exists. Get on it, academia.

Looking back, my pre-child media regimen was impressive in both its expanse and its utter boneheadness. I used to wake up early (as opposed to my current sub-early) and absorb a few minutes of local-news banter while the ol' brain rebooted. From there, I'd head online to check in on my left-leaning-Northeasterner *sine qua nons* (*The New York Times*, *Doonisbury*) and top-line sports/music/humor delights (*Quickish*, *Backstreets*, *The Onion*). Then I'd don my sarcasm goggles and shame shield before spending more time than I care to admit processing the e-detritus highlighted in my Facebook news feed.

After catching up on the night-shift

dispatches from my Twitter ticker — and quick-scanning the content linked therein — I'd lower the computer screen to half-mast and plant the Bluetooth headphone dealie around my skull, for hands-free music and/or podcast consumption during a quick morning run. The mobile screen of my smartphone hub would remain in a state of low glow as I darted about town, annoying the crap out of pedestrians who ask only that their fellow travelers pay vague attention to their immediate surroundings.

After returning to the homestead and waking The Missus, I'd grudgingly participate in a rite of modern hygiene (read: shower) before engaging her against her will in pre-coffee conversation. From there, it was back to the screens — a laptop and a desktop monitor, aligned in a way that made me feel like a secret black-ops analyst



POST-KID, THIS METICULOUSLY CONSTRUCTED ROUTINE TOOK A HIT. LONG STRANDS OF MESSAGING, INSTANT OR OTHERWISE? FORGET ABOUT IT. MULTIPLE YOUTUBE FORAYS TO VIEW FOOTAGE OF PEOPLE FALLING DOWN? NO MORE.

in one of the *Bourne* flicks — and the business of words, words, everywhere words. After work, there'd be a pursuit involving tossed/hurled/shot/thwacked projectiles on the tube, feet stretched across

the ottoman and a bowl of ice cream balanced precariously on my spherical gut. Life wasn't half bad, man.

Post-kid, this meticulously constructed routine took a hit. Long strands of messaging, instant or otherwise? Forget about it. Multiple YouTube forays to view footage of people falling down? No more. The 95 minutes per day I spent devising and deconstructing fantasy football trades? Gone like water down the drain. I still granted myself 30 or so minutes of exercise, which came to serve as a mental steam-release valve, and took pains to answer email in what the federal courts would term "a timely manner." Beyond that, though, I might as well have been my dad, he of the AOL account and blissful hashtag ignorance.

On my best day, I had only a hint of a wisp of an idea of what was going on

around me. On my worst, I felt as if I were encased in a subterranean chamber a few interstellar hops north of Mars. This would have been less of a problem if my job didn't require some small degree of cultural and topical awareness.

My Tumblr still existed, theoretically speaking, and I dutifully tweeted in the increasingly rare instances when something I wrote found its way onto the Internet. But even in a media-2.0 world, it was a stretch to qualify the daily poop-chronicling I did for the kid's day-care provider as content creation.

And so, as semi-sentient beings tend to do, I adapted. Slowly but surely, I've started retailoring my media-consumption habits to work within the context of my current time and energy crunch. As with my increased happiness and stronger sense of perspective, I have the kid to thank for it.

More than eight months in, he is what infant apologists, like his mother, might call a "challenged sleeper" and what less sympathetic sorts, like me, might call "a taunting nocturnal sadist." Whereas his classmates make it through the night without a peep — or so their obnoxious sleep-superior jerkhead parents claim — our little guy likes to maintain a steady dialogue between the hours of 11 p.m. and 7 a.m., at which point he dozes off just in time to blow up our morning routine. This pattern has repeated itself for so long, it's hard to imagine life any other way.

A month or two back, however, I discovered the magic and wonder that is a tablet (yes, you're reading the super-informed media musings of a writer-type person who had the foresight to board the iPad bandwagon a mere 20 months after everyone else did). Most existing literature suggests that an infant can be cradled, comforted and even fed using a single limb — and wouldn't you know it, a tablet only requires one lithe wrist to manipulate. Thus I've started to reconstruct my media-viewing habits one app dealie-thing at a time, with one hand on the kid and one on the pad, between the hours of 1 a.m. and 5 a.m.

This has allowed me to invite any number of publications back into my life, as well as reconnect with the lords of Twitter. I don't watch as much television or engage in as much spirited instant-message

debate about lofty topics (Tony Soprano, dead or alive? I say alive) as I once did, but that's probably for the better. It's a simplistic balm — buy tablet and magically reconnect — but it's one that does the trick for me. At least until the sun comes up and The Missus reclaims it as her own, anyway. That's how I explain away the prominent *Glamour* icon.

So here's a call for anyone who wants to reach me and my purchase-minded new-parent Gen-X ilk — marketers, brand minions, sloganeers, candidates for political office, whoever — to streamline the dickens out of their media offerings. A simple rule: If it ain't gonna play/function on a device I can operate with a single hand, while balancing a child or maneuvering a stroller with the other, it ain't gonna happen.

Were I to attempt to predict the future, I'd speculate that our content preferences won't evolve all that much. By their mid-30s, most people have more or less figured out what floats their intellectual and emotional boats, and have settled on a core of trusted friends/family members/media folk/Twitter messiahs for advice, guidance and recommendations. Me personally? Now that I've kid-adjusted my sensitivities, I'll gasp at news reports of children in peril and fight back sobs whenever I see a car ad that depicts a warm father/son relationship; I'd sooner rub industrial-grade jalapeno peppers in my eyes than admit, via a stray teardrop, that a marketer has pushed precisely the right emotional button.

(Separately, that one Infiniti commercial, in which the car's rear-warning-system prevents a distracted parent from steam-rolling a happy, innocent child pedaling by on his bike? That kind of buy-this-or-beautiful-children-will-perish messaging is borderline cruel. Pre-kid, it wouldn't have prompted much more than a derisive "like *that* could ever happen" snort. Post-kid, it's all I can do not to jump off the couch and tackle the TV set out of the car's path.)

But for now, I'm just happy that I'm no longer so far outside the loop that I can't even see the loop. I like being connected. I like being able to catch the pop-culture references dropped by *SportsCenter* anchor and would-be-playground-conversation-alist alike. And I like that season three of *Modern Family* will stream on Netflix before too long. These are better days. **M**



BABY BOOMERS PAST, PRESENT AND POWERFUL

Can the digital world get in front of the silver tsunami? BY ERIN READ RUDDICK

Baby Boomers have always influenced media.

Born between 1946 and 1964, they grew up with the television industry. As they innovated, the world gained email, and satellite TV, and the Internet, and ... a whole new way for Boomers to consume content.

Of course, it's hard to think of 78 million Americans as a "niche." Baby Boomers control roughly \$230 billion in consumer packaged-goods sales, possess nearly 70 percent of the nation's wealth and have \$2.3 billion in disposable income. If that's a niche, then it's a powerful

one. Yet this niche is often ignored — and even scoffed at — by marketers who are focused on younger, more fully digital demographics.

That's a big mistake. But to understand where the silver tsunami will carry media in the future, we need to look at what's being consumed

now. This group still loves its old-school content:

- >> The average age of a primetime TV viewer is 51. Adults over 65 watch an average of 7 hours a day;
- >> Older listeners make up one-third of radio news/talk audiences — the largest cohort of listeners;
- >> News magazine readers are older than the typical American, with a median age of 49;
- >> Newspaper readers are most likely to be over 65 years old.

And while they've cer-

tainly been much slower to the digital party, they're here, and in vast numbers: in June 2012, Pew found that more than one-half of 65+ers (roughly 21.3 million people) are using the Internet—a record number. Of that group, about 12 percent are using online social networks; 20 percent of 50- to 65-year-old Boomers are on Facebook and its ilk; 91 percent of people over 50 use email.

Surveys show that in terms of influence on purchase or opinion, Baby Boomers and seniors are most swayed by TV and newspapers.

GETTING PAST THE AGE THING

This is not a monolithic group. They are 78 million individuals with distinct consumption patterns related to life stages. A Boomer can be a first-time dad or a repeat grandparent. And there

PERCENT OF USER BASE BY AGE



are dramatic differences in media consumption based on income and education.

There are strong correlations between the higher incomes and higher education of Boomers and their media use: for example, daily news readership is positively correlated to education; news magazine readers are not only older but wealthier than adults overall. Boomers are the most educated generation in U.S. history. And they've got money.

What do we think is the future of Baby Boomer media consumption? Tablets. Tablet users skew upper income. Boomers currently make up 27 percent of the tablet audience, according to comScore. Seniors account for nearly 7 percent of tablet owners, up significantly in the past two years. And when it comes to mobile devices, 65+ers are 28 percent more likely to choose a tablet over a

smartphone.

We predict Baby Boomers will sway influence from TV and magazines to the tablet. We see:

- >> More long-form content. Whether it's editorial or paid marketing content, Baby Boomers and seniors have the time and desire to dig deep;
- >> Willingness to pay for subscriptions. This is a generation that still values and therefore pays for news. The pride they take in their own accomplishments transfers to the work of others, so they subscribe at higher rates than younger age groups;
- >> Tune in next week on a tablet near you! Older eyes and bodies can lead to device fatigue. Combine a familiar concept — the news reporting/fiction "serials" of Boomer youth — with the advantages of digital and you've got a winner. This trend also speaks to the way older adults create emotional

connections with media and media personalities (my mom skips events if they conflict with her standing date with Rachel Maddow);

- >> Convenience and portability. Affluent boomers are always on the move, and tablets jibe well with the lifestyle they enjoy. On-demand, mobile, and personalized videos, books and news — a very VIP feeling that resonates especially well with this cohort.

What does this mean for media planners? You can't depend on a Baby Boomer stumbling over ad banners on a news site. They'll use an app or have a digital magazine delivered and will skip from one article/video to another without ever leaving the tablet environment. Advertising will need to be:

- >> More relevant (though the "Me" generation stereotype is bunk, it is, well, all about Me);
- >> More contextual (as we age, our decision-making

becomes more context driven);

- >> More innovative;
- >> More beautiful (as we age, our brain functions shift to the right/visual side);
- >> More emotive (the right side of the brain also is sensual and emotional);
- >> More action-oriented (Boomers have never and will never simply observe, and your brand doesn't want them to).

All effective media plans are based on knowing the customer. In this case, know your Baby Boomer. Which of the 78 million are you trying to reach and motivate? Understanding your target will help you determine which media channels they are currently using, and which will grow in importance. That will determine your path to Baby Boomer success. TM

Erin Read Ruddick is a Client Services Director for Creating Results, a full-service marketing agency focusing on mature consumers. Follow her on Twitter (@CreatingResults) and on the www.MatureMarketingMatters.com blog.



EMBRACING INFINITE MEDIA

Debates about which technology will “win” in the future don’t help brands. Focusing on people, mission and speed does. **BY NIGEL MORRIS**



Ever since digital media technologies began to emerge nearly 20 years ago, the subject of the “Future of Media” has been near the top of the agenda for business, brands, agencies, governments. The debate has seen ebbs and flows, but never have the implications of the changing media world been more important than today. We sit at a point of inflection as we move into a truly convergent media environment. The world is already a very different place now than it was even five years ago, and the effects of convergence, along with globalization, mean that the economy, business, society and culture now grapple the emerging reality of a world made interconnected, interdependent and transparent by media.

My contention, and it’s one that gets firmer everyday, is that brands have a major opportunity to become the driving force of positive change in the world, and to add value and purpose to people’s lives. The opportunity is most profound for the brands and organizations with truly global influence. For those companies that get it right, the mistrust of the

“No Logo” generation will be replaced by a genuine embrace from a population seeking a different relationship with brands, one based on trust and mutual benefit. And because of that global reach and influence, they will be among the very few entities that can face head-on some of the greatest global challenges and effect the greatest change. For this,

they will win our loyalty, our partnership, even our love.

Yet many brands are approaching the opportunity with apprehension. Established markets and ways of doing business are being swept away by the disruptive power of technology, and a new way of doing things isn’t yet proven. This makes understanding the future

trends in media critical, but so often the debate centers on headlines rather than substance. Millions of column-inches have been dedicated to the "Future of Media," but this conversation has mostly focused on predicting which particular media or which particular device will win, and if, when and how television will collapse as a medium and as an industry. But these conversations have missed the mark in helping brands and businesses design a long-term strategy to create a better, more valuable and sustainable economic model, specifically for a convergent media world. Clearly, some brands are pushing ahead, but too many are struggling to adapt.

Now is the time for action, but not in the form of a series of nearsighted tactics. Rather, we need a systemic approach brand-building innovation. I was fortunate enough to speak at a MediaPost conference in September 2008, the week after the collapse of Lehman Brothers. I spoke of our industry looking down a barrel of a gun and the fact that the immediate future of the media industry would evolve in three consecutive phases: Recession, Discontinuity and Convergence. In reality, these phases have overlapped and collapsed into one highly complex and confusing landscape.

What is necessary, then, is a compass to guide our futures, shape our decisions and enable us to design our businesses for a world shaped by media. Brands and businesses have an opportunity to take the lead and generate the stability and purpose that drive positive change in the world. To do so, several key dynamics in convergence need to be understood.

The supply of media has moved from scarce to almost infinite, creating an explosion of options that is out of kilter with almost every organization's resources. Content, now digitized, is detached from time, place, and platform, and can often be consumed in multiple formats at any time, in any place, on multiple devices. The atomization of media means that cut through for marketing activity is more difficult to achieve at scale.

However, as a result of convergence, communications are now interconnected, interdependent and transparent.

The point of contact, or engagement, between brands and consumers, and the point of transaction, are moving closer together and becoming more measurable, especially driven by search and mobile.

While some new media platforms have achieved real scale — Facebook and YouTube, for example, have 900 million+ and 800 million+ users, respectively, on a global basis — that scale is made up of "small pieces loosely joined" by media, with new channels emerging every day and new marketing options continuing to materialize. Media will move past devices and become all-encompassing. It will be everywhere. All the time.

This is an overwhelming idea, but successful brands of the future will share key characteristics:

They will be relentlessly focused on people. That is, real people and their real needs, not just their behaviors as consumers. People and their relationships with institutions and brands of all types are changing. Consumers are connected with one another and are therefore empowered like never before. We are seeing the emergence of a new form of consumer behavior driven by the connected cultures through which they organize their lives. To be successful in reaching consumers, brands and businesses will have to understand people's changing needs.

They will be crystal clear about their purposes as organizations. Not just in defining core business, product value and services, but just as importantly, in the higher purpose to which the organization aspires. This will move thinking from delivering short-term gain to building long-term value. These will be the brands and the businesses that people trust. These brands will embrace transparency and people will embrace them. They will be social by design and they will care about everything and everyone their business touches.

They will be the most agile in the way they operate. In the future, being right will be much less important than being fast. Change cycles happen so quickly that the ability to innovate, build small, fail fast, and scale rapidly will be an organizational necessity.

They will consider "media" just as important as the manufacturing plant in which they make products, or the stores in which they sell them. Successful brands will have to be brilliant at media, and to do so, marketing and sales must become one. Brands will recognize that the highest form of consumer engagement is the purchase, but understand that this is just the start of the relationship, not the outcome. And media, and the data it generates, will help to bring supply and demand closer together, cutting waste and delivering what consumers want more efficiently and profitably, creating success for the brand and building a more sustainable economic model for all.

So what does this mean for the advertising, media and communications industry? As an industry we have allowed ourselves to become too focused on the urgent and tactical, rather than the important and strategic. We have the transversal view

of what is happening and the capability to understand the shifting mechanics and commercial imperatives of the supply side of the media industry. We hold much responsibility in guiding our clients and their brands to operate in the future media world that will help people unlock the positive potential of globalization and convergence.

We are at a point of media convergence where consumers hold the power to the future success of brands, and brands hold the keys to success for our economy. Media will be central to the success of both, and for the brands that do, they will win people's loyalty, their partnership, even their love. ☺

Nigel Morris is CEO at Aegis Media Americas.

IN THE FUTURE, BEING RIGHT WILL BE MUCH LESS IMPORTANT THAN BEING FAST. CHANGE CYCLES HAPPEN SO QUICKLY THAT THE ABILITY TO INNOVATE, BUILD SMALL, FAIL FAST, AND SCALE RAPIDLY WILL BE AN ORGANIZATIONAL NECESSITY.



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Creating a Customer-Focused Culture

Two Forrester researchers explain the power of putting customers at the center of your world

BY HARLEY MANNING AND KERRY BODINE

Over our past 14 years of research on customer experience, we've asked hundreds of executives at some of the world's top companies about their organizational barriers and how best to overcome them. They assert that culture has the single biggest potential to drive customer-experience transformations.

Companies need to socialize the importance of customer-centricity through storytelling, rituals, and training.

Some Best Buy stores give [job] applicants a New York Times crossword puzzle, an Internet connection, and an hour to see how far they can get. The goal is to test applicants' curiosity and facility to learn, key traits in helping customers.

On a typical day, you might see 24-year-old Carlos Gonzalez sporting

large white-rimmed sunglasses, a plaid scarf, a lip ring, and a Mohawk. His appearance is important to him, but it doesn't matter to the U.S. Cellular customers who Carlos talks to every day on the phone. As a customer relations associate in the company's retention department, it's his job to retain customers who want to cancel their mobile service.

"It started out pretty normal," says Carlos, referring to the day in October

2011 when he got a call from Florence, a woman in her forties. She had called to cancel her service, just as thousands of customers had over his past four years on the job. But this call was different. A few minutes into the conversation, Florence explained that she was undergoing chemotherapy treatments and that her medical bills were piling up. She just couldn't afford her mobile phone anymore.

"She was crying, and she told me that she had never smoked a cigarette in her life and that this had come out of nowhere," recalls Carlos. "She was brave enough to tell me that she was losing her hair." Carlos, who lost his grandfather to cancer a few years earlier, could relate to her pain. "It bent my heart."

Carlos told Florence that he could help her out with U.S. Cellular's bill relief program, which gives customers in need a 30 percent bill reduction for six months. "She really did need the phone for calling her doctors and setting up appointments," he says. Florence was incredibly thankful for the assistance. Upon learning that she could keep her mobile phone, the tears flowed faster. Carlos started tearing up, too.

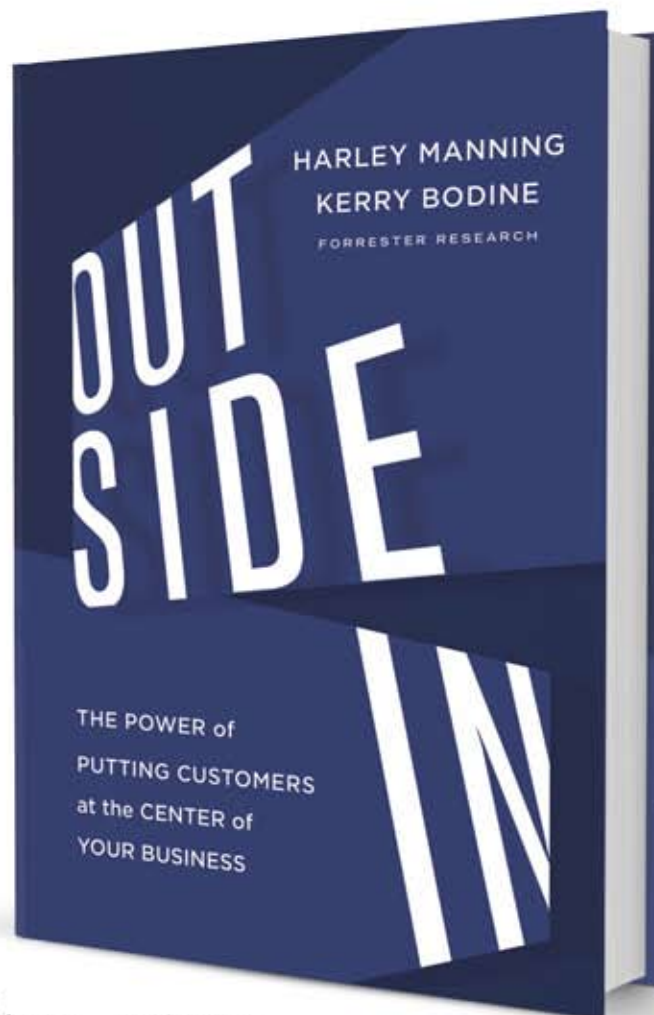
Then he did something that we're willing to bet no other customer service rep has ever done. Carlos offered to shave his head. "I didn't want her to feel alone," he explains. "I told her that I'd do it in her honor and send her before and after pictures. She said that she was

grateful and that it would mean a lot.”

It would have been easy for Carlos to renege on his promise after he hung up the phone. After all, he'd spoken to Florence for 15 minutes, tops. But he shaved off his Mohawk the very next morning. “I took the photo and sent it to Florence. It felt so good. It felt like something I needed to do for her.”

Carlos's story is almost unbelievable. How, in the span of 15 minutes, could he possibly have created a connection with a customer — a complete stranger — so powerful that he would shave off his impressive mane for her? Certainly, you can point to Carlos's personal character and kindness. But he's quick to shift the focus to U.S. Cellular: “The culture here is very customer-focused. I've gotten a lot of encouragement over the years to do good for our customers.”

“U.S. Cellular is truly unlike any other client I've worked with,” says Jeff Lewandowski, a partner at Andrew Reise, a customer-experience transformation firm that's been working with the mobile carrier since 2004. “I've been through a lot of places where people put up signs that talk about taking care of customers. But the signs are just words on plastic. They don't really reflect how the com-



panies operate. Carlos's story is a demonstration that these guys live it and breathe it every single day.”

YOU NEED TO BUILD A CUSTOMER-CENTRIC CORPORATE CULTURE

We're not suggesting that head-shaving become the norm at your company. We're talking culture here, not cult. And Carlos's date with his razor is obviously an extreme example of customer empathy. But it's indicative of a set of values that U.S. Cellular has tightly woven into its standard operating procedures. Because those values have been institutionalized and continually reinforced,

Carlos's supervisors trust that he'll do the right thing for customers — and, clearly, he does. Not because he's told to, but because he really wouldn't consider doing anything else. You can't clone Carlos. But you can help your own employees to think and act in customer-centric ways by actively working to shift your corporate culture.

How important is this? Over our past 14 years of research on customer experience, we've asked hundreds of executives at some of the world's top companies about their organizational barriers and how to overcome them. Year after year, they've

dismissed the idea that organizational structure and reporting relationships can solve customer-experience problems. Instead, they assert that culture has the single biggest potential to drive customer-experience transformations. “Culture is one of those squishy topics that people have a hard time getting their heads around in a business context,” says Paul Hagen, Forrester's expert on customer-centric cultures. To make this discipline more concrete, think of creating a system of shared values and behaviors. Customer-centric values are the building blocks for reprogramming your corporate DNA.

And behaviors are how you turn all of the practices from the other five disciplines — strategy, customer understanding, design, measurement, and governance — into habits that your company just can't kick.

So how exactly do you instill new corporate values and change employee behavior? First you need to overhaul your hiring practices so that you get customer-obsessed people (like Carlos) in the door.

Second, you need to socialize the importance of customer-centricity through storytelling, rituals, and training. Third, you've got to reinforce new values and behaviors through informal and formal rewards. Tie it all together with a steady cadence of communication that never lets employees forget why they're doing all of this in the first place.

HIRE FOR CUSTOMER PASSION AND CULTURAL FIT

As companies get serious about customer experience, some have started by either redeploying frontline employees that aren't committed to customers, or easing them out the door. But many firms still aren't prepared to take that kind of action. No matter your approach, screening candidates for customer-centric values as part of the hiring and selection process is one



Kerry Bodine

of the most effective ways to shift the overall makeup of your workforce. Why? Because finding people whose values and personalities match your target culture is often easier than changing the underlying beliefs of current employees.

In addition to probing for customer-centricity, you also need to screen potential candidates for the specific skills they'll need to deliver on the organization's customer-experience strategy. For example, some Best Buy stores give applicants a New York Times crossword puzzle, an Internet connection, and an hour to see how far they can get. The goal is to test applicants'

curiosity and facility to learn, key traits in helping customers who have a broad range of ever-changing questions. And trendy W Hotels Worldwide encourages employees to recruit staff from hip local bars and restaurants and to look for people who naturally exhibit actions in line with the hotel's Whatever/Whenever service obsession, which promises to provide guests with "whatever you want, whenever you want it."

SOCIALIZE THE KEY BEHAVIORS REQUIRED TO DELIVER A GREAT EXPERIENCE

While the hiring process focuses on finding people with the right personality traits and values, socialization establishes new habits. Office Depot's North America president Kevin Peters says, "You can't just wave a magic wand and change behaviors." That's true. But over time, you can embed new standards for employee behavior through a combination of storytelling, rituals, and training.

Storytelling

Scientific research shows that human brains are wired to tell stories. Stories have been the primary vehicle for transmitting culture and community values for thousands of years. They are a key building block in reshaping your

corporate culture, too. Storytelling highlights real instances of customer-centric behavior and gives employees tangible examples of thinking from the customer's perspective. Zappos, the online retailer that's become famous for its customer-centric culture and service, has a "Wow Library" of praiseworthy recorded calls that its customer service reps can tap into at any time for inspiration on how to better open a conversation or explain a company policy. And Sage North America, a developer of accounting and human resources software for small- and mid-sized businesses, invites customers to company meetings to share their experiences dealing with Sage.

Because storytelling gives the highlighted employees public kudos, it also encourages top performers to keep doing what they're doing. As Carlos told us the details of his head-shaving incident, it quickly became clear that he never expected to get any recognition for his actions. In fact, it wasn't until coworkers started inquiring about his missing locks that Carlos confessed. But after that, it didn't take long for his story to spread across U.S. Cellular. His supervisor shared it with the call center's director, who posted it on the company's intranet site. "At first I didn't know. Then someone said, 'Hey, you're



on the Web site!' They showed me the pictures and it was exciting. It was a good feeling."

Rituals

Rituals are activities that you integrate into employees' regular routines to guarantee great performance. For example, the Ritz-Carlton Hotel Company has a daily 15-minute lineup used globally across all of its properties. This ritual includes a storytelling session, during which its employees, who are referred to as "Ladies and Gentlemen," share the great things they did for guests the day before.

And Disney encourages its employees to take five minutes from their normal daily duties to do something special for guests. When an employee at one property heard that a guest wasn't feeling well, she brought chicken soup up to her room.

Rituals aren't just for frontline employees, and they don't have to happen every day. At online discount fashion retailer Gilt Groupe, customer-centric rituals extend to the behind-the-scenes teams responsible for developing Gilt's Web site and mobile and tablet apps. Michael Bryzek, Gilt's co-founder and chief technology officer, explains, "We celebrate technology that improves the customer experience, and we kill technologies that are

no longer relevant." And when he says "kill," he means it. The company holds funerals for dead software applications.

Gilt's original content management system (CMS) — a complex program that helped the company cope with the onslaught of traffic it gets every day from 12 to 1 p.m. EST — was the first to go.

When the engineering team rewrote a new CMS that made the site much faster for customers and deleted the old one from its code base, they celebrated. Gilt employees wrote poems and eulogies, erected tombstones, and deejayed a festive party in honor of the first CMS's demise.



When asked how the funerals help to build a customer-centric culture, Michael replies, “When things are useful for customers we invest in them, and when they’re not, we invest to get them out of here.” This sends a strong signal to Gilt’s employees that they’re expected to take ownership for projects and technologies that deliver a great experience. “It also strips away the ego,” he says. “Just because you’ve created one great thing doesn’t mean that you’ll be better at creating the next. We want every single employee to express their creativity and feel empowered to create something that’s great for customers.”

Training

Training programs are an effective way to communicate your customer experience strategy and share customer insights. Training also helps employees develop the specific skills they need to participate in human-centered design projects, interpret customer-experience metrics, or simply do their regular jobs in a more customer-centric way. Many companies think about training primarily as an activity for new employees — and certainly, onboarding is a fantastic time to introduce employees to your customer-centric culture. But it’s never too late to teach current employees new tricks.

Training programs often start at a grassroots level. However, to make a material impact on your corporate culture, you ultimately need to formalize your training initiatives. For decades, American Express had held formal customer-service training sessions that focused primarily on industry- and company-specific technical skills and policies. But several years ago, a strategic shift ushered in by Jim Bush, executive vice president of world service, dramatically changed the nature of Amex’s training programs. Jim explains: “We started asking ourselves, do we want to be a transaction-based company where

WHEN THE ENGINEERING TEAM REWROTE A NEW CMS THAT MADE THE SITE MUCH FASTER FOR CUSTOMERS AND DELETED THE OLD ONE FROM ITS CODE BASE, THEY CELEBRATED. GILT EMPLOYEES WROTE POEMS AND EULOGIES, ERECTED TOMBSTONES, AND DEEJAYED A FESTIVE PARTY IN HONOR OF THE FIRST CMS’S DEMISE.

customers call in, we handle calls with scripted responses, and wish them well? Or do we want to be a relationship-based company that drives engagement with customers?” The company’s leaders chose the latter, and the resulting training programs helped its Customer Care Professionals (what Amex now calls its phone agents) forge deeper emotional connections — not only with customers, but with the company as well.

In the first phase of the training program, senior leaders talk about the company’s history, milestones, transitions, market opportunities, and public perceptions. Rick Bottner, vice president of global telephone servicing, explains, “We create an initial feeling for our employees that this is a high-quality company. We discuss our values: how we work, how we treat each other, and how we live in our communities. We make the connection that it’s more than ‘you come to work.’ It’s about living a role in your life and how this company can enrich that as well.”

The second phase focuses on custom-

er relationships, and starts with heart-warming stories of how Amex reps have helped its card members over the years. Care Professionals then learn skills such as actively listening to what the caller is saying and assessing the caller’s mood, not just relying on the demographic information that’s in the caller’s customer profile. They also learn how to help customers understand the value of their relationship with American Express by explaining relevant card benefits. Since implementing this new training program as part of its broader service reinvention, Amex has watched metrics like average card spend and willingness to recommend increase significantly.

REWARD EMPLOYEES TO REINFORCE CUSTOMER-CENTRIC BEHAVIORS

Unfortunately, many companies make huge investments in hiring and training only to inadvertently encourage employees to focus on the wrong things. How? They create operational targets for frontline employees instead of basing their incentives on the quality of the service they provide. And they reward behind-the-scenes employees for plowing through lists of internal tasks and projects while providing zero recognition for work that improves the customer experience.

To keep employees focused on what’s important, you need to back up your hiring and socialization practices with the right types of incentives. These include informal rewards that recognize personal achievement and formal rewards that compensate employees based on customer-centric metrics.

Informal Rewards

Informal rewards programs — like certificates, prizes, and perks — celebrate customer-centric behavior and don’t typically take a lot of time or money to plan or execute. For example, the Starbucks Green Apron awards program encourages

employees "to create a positive environment by aspiring to be welcoming, genuine, knowledgeable, considerate, and involved." There's no nomination process for these awards — employees simply present them to each other at formal and informal plant, department, store, district, and regional meetings.

Circles, a concierge service for corporate employees, has an array of programs that reinforce the importance of going the extra mile for customers. For example, its Top Dog Award recognizes employees who help out with extreme requests. Recent winners include an agent who sent a caller night-vision goggles to help locate her lost cat, and another who helped a family find a place to stay after their home was destroyed by a natural disaster. In addition to awards, Circles agents can accumulate points based on customer satisfaction surveys and redeem them for prizes, including additional time off.

Informal rewards can also come in the simplest of forms: titles that convey to employees their true importance to the organization. In addition to Ritz-Carlton's "Ladies and Gentlemen" and American Express's "Customer Care Professionals," firms with this approach include Starbucks, which calls its employees partners, and Disney, which refers to its employees as cast members. American Express also provides each agent with personalized business cards. Why do these things matter? They focus employees on their primary role — creating amazing customer experiences — and provide daily reinforcement of their value to the company.

Formal Rewards

Formal rewards programs structure raises, bonuses, and promotions around customer-focused metrics. Because they put hard cash in employees' pockets and can significantly boost their career



paths, these initiatives take more rigor to implement.

At Enterprise Rent-A-Car, no one with below-average scores on the Enterprise Service Quality index can move up to senior management. On the flip side, Zappos realized that many of its call-center agents were happiest in frontline jobs that provide direct customer contact. To ensure that these agents also have continued career-development opportunities, Zappos created optional three-month to six-month rotations in areas such as online chat, email, and Twitter that let high performers learn new skills and earn a bump in pay.

On the financial front, companies ranging from Philips Electronics to Maersk Line, one of the world's largest container shipping companies, tie employee bonuses to Net Promoter Score targets. And insurance company Allstate ties its 401(k) match to a customer loyalty index for 80 percent of company staff, including all of its customer-facing employees.

While formal incentives can be incredibly powerful, you need to deploy them carefully. The processes, policies and technologies that make it possible for employees to deliver a great experience should be in place before you tie compensation to customer-focused metrics. Dangling the carrot of additional pay and promotions prematurely just isn't fair and can lead to employee frustration.

Formal rewards are meant to reinforce customer-centric behavior, not be an end in themselves. Companies that jump straight to instituting formal rewards risk having employees focus on doing the bare minimum to get their payouts instead of working to develop customer-centric behaviors. Rick Bottner from American Express put it this way: "Incentives should be the cherry on top for providing superior service."

SOLIDIFY YOUR CUSTOMER EXPERIENCE EFFORTS WITH A CUSTOMER-CENTRIC CULTURE

No matter how solid your strategy is or how carefully you design your customer experience, it's simply impossible to plan for every single customer interaction at every last touch point. At some point, you need to put your trust in your company's most valuable resource, its employees, to do the right thing for customers. Similarly, sharing customer insights, measuring the results of your work, and introducing governance programs will only get you so far if your company's workforce — from your top execs down to entry-level staff members — isn't ready to embrace new ways of working.

That's why building a customer-centric culture is critical to your success. **M**

An excerpt from *Outside In: The Power of Putting Customers at the Center of Your Business*. Published by Amazon Publishing/New Harvest, August, 2012.



WELCOME TO THE FIBERHOOD

By choosing the Silicon Prairie as base camp for its Google Fiber rollout, the company makes a statement about its pioneering status. And yes, everything is up to date in Kansas City. **BY LIZ TASCIO**

O pioneers!

As Kansas Citians in both Missouri and Kansas race to pre-register their neighborhoods for the first Google Fiber connections, one neighborhood has thus far been overlooked. It's the neighborhood Google calls home.

In July, Google opened "Fiber Space," a sleek showroom and event space in two small brick buildings on Westport Road in Kansas City. The space, at the intersection of State Line Road, perches on the edge of Missouri. But what's most intriguing is that the building sits on the outskirts of an historical neighborhood known as Westport.

Starting in the 1850s, this was the port to the West, civilization's last stop, the town where pioneers and travelers outfitted their covered wagons and stocked up on the supplies they hoped would carry them through the wilderness of the Oregon, California, and Santa Fe trails. Today, Westport is a Kansas City neighborhood known for its century-old houses, funky mom and pop businesses,

tattoo parlors, James Beard award-nominated chefs, a vegan bakery and cafe, and now, Fiber Space, situated exactly half a mile from a covered wagon that bears the Westport sign.

Westport was founded in 1857, just a few years before the take-off of the original high-speed connection: the Pony Express. At first an independent town, Westport became part of Kansas City about 40 years later. Today, one of Westport's most popular bars and restaurants, McCoy's, carries the name of John Calvin McCoy, the founder of Westport and one of the co-founders of Kansas City. Directly west of McCoy's is a bar called Kelly's Westport Inn, one of the two oldest buildings in Kansas City, and an outfitter for those about to brave the trails. Plaques on buildings and sidewalks testify to the neighborhood's history.

While the pioneering history of the neighborhood wasn't the main attraction for Google, it's a fitting metaphor. The unabashedly heart-stirring marketing campaign for Fiber promises innovations in education (the KCMO district last year lost its superintendent and its accreditation, again, but in August kicked off the 2012 school year with a burst of optimism and new leadership), health care, and public safety. Although residents of neighborhoods, now dubbed "fiberhoods," in KCMO and KCK are competing to win the first hookups, the overall message of the campaign speaks to the collective good. The slogan on posters, buses and in television ads reads "Let's do this for _____." The blank is filled in with everything from "Wyandotte High School" to "our patients" to "Kansas City."

And by choosing a spot on State Line Road, the street that delineates the two Kansas Cities, Fiber Space also bridges Kansas and Missouri.

"Unless we put this right in the middle of the street, we couldn't be more representative," says Rachel Hack, a lifelong Kansas City resident and the community manager for Google Fiber.

Hack scouted the spot for Google herself. She learned of the vacancy after her gym closed its Westport branch, leaving behind a pair of strangely angular buildings and a leaky roof. The place sat empty until Google quietly rented and renovated it. The neighbors didn't even know it was coming until the night before the grand opening, in July.

So what's in the house that Fiber built? A model of the toy-car world featured in Google's commercials, for starters. Huge couches and luminous flat screens. And there is ample evidence of community buy-in from local businesses and organizations. On opening weekend, the University of Kansas Medical Center, which is just a four-block walk from State Line and Westport, launched a series of "long-distance" nutritional information sessions at Fiber Space. Visitors can pick up a drink or a bite at the snack bar, courtesy of local restaurants. Recent visitors took part in a digital cooking class offered by Cupini's, an Italian restaurant also located on Westport Road.

Snacks, cooking classes, and free health advice? The pioneers would have approved. **M**



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