

# REVIEW · PREVIEW



# INTRODUCTION

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Welcome to our second *Review Preview*, which attempts to pull together the most significant trends of 2011 and predict what 2012 may have in store. All of these contributions come from within MEC's talented ranks and have been gathered from across the world to give a truly global perspective.

There are many shared themes from across our network, as the world continues to shrink and the gap between developed and emerging markets continues to narrow. Much of this is driven by mobile developments, including tablets, which are gaining faster and wider penetration than previous fixed broadband technologies. Global players like Apple, Google and Facebook are also creating a more homogenous framework, creating challenges, such as data and privacy, and opportunities for us to connect in an increasingly seamless way with consumers.

Putting this into some general context is impossible without commenting on two key events from last year. Firstly, the passing of Steve Jobs. His vision of Apple as a company that combined the best of art and technology has been the driving force of so many of the trends and developments that have become common place today and will continue to shape what we do tomorrow. Fittingly, Apple finished 2011 with another record year and, in Q4, saw its tablets outsell PCs – once again creating a trend ahead of analysts' predictions.

Secondly, the Arab Spring and, in particular, the real or perceived role that social media played in creating and reporting on the events. It's easy to over-estimate the significance of this but the truth is that, globally, social media was seen in a more mature light as a platform that had a wider and more central role. In 2012, the predicted Facebook IPO will value this in dollars.

Looking ahead, it's clear that the global financial crisis will be with us throughout 2012. History shows that this is more likely to drive faster technological and consumer change, so we should see greater penetration of mobile, tablets, connected television while, at the same time, real convergence. Meanwhile, the importance and role of data will continue to grow on the world stage. 2012 will serve up the first "Digital Olympics" and, in the US, we could potentially witness the first presidential election fought out in 140 characters or less on Twitter.

We hope you enjoy this collection and that it stimulates discussion. Let us know what you think.

Happy reading.

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REVIEW 2011

# AND THEN THERE WERE FOUR...

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Not so long ago you could quite easily sum up what Apple, Google, Facebook and Amazon did. One made consumer electronics, one was a search engine, one was a social network and one was an e-retailer. And they were exceptionally good at those things.

Now it's not so clear.

2011 saw these four giants of the digital world reveal their hands a little and, as they increasingly collide into each other in their pursuit to be the center of our technological and media lives, we're at the beginnings of what is set to be a fascinating battle.

In the worlds of mobile, social, local, data, cloud computing, entertainment, retailing, payments and advertising, these four companies are working to redefine and enhance people's experiences and, in so doing, become ubiquitous in our daily lives.

2011 saw the new 'Big Four' release or acquire new products and services too numerous to cover fully here, but to touch on just a few:

**Google** – Google+ (social), Google Wallet (payments), YouTube Original Content (entertainment), Zagat (local) and Motorola Mobility (mobile and more).

**Amazon** – Amazonlocal (local deals), Amazon Instant Video with Prime (entertainment) and Amazon Fire (mobility).

**Apple** – iPad 2 (mobility), the strategically vital iCloud (cloud computing), iPhone 4S (mobility) and iOS 5.

**Facebook** – Facebook credits as default in-app payment system (payments), mobile integration with HTC Status (mobility), next generation media apps – Spotify (music), Hulu and Netflix (entertainment) and Washington Post (publishing).

And what about 2012? Rumors abound daily, but some of the safer bets would appear to be on smartphones from all of them, with Google, Facebook and Amazon producing handsets themselves for the first time (and all with a bigger goal in mind than just selling phones).

An **NFC-enabled iPhone** from Apple seems very possible, which would give that technology – and mobile payments – the filip they need.

And, after a couple of years of extravagant increases in valuation, it seems likely the foundations **Facebook** have been laying to diversify into a myriad of new areas will explode after their IPO.

Whether the rumors of an **Apple TV set** finally come true remain to be seen but extending their hardware line-up, and connected through the **iCloud**, this will surely happen soon too.

As *Fast Company* point out in their (excellent) article on the Big Four in November 2011, some of these moves may well be strategic decoys designed to keep their competitors busy. Undoubtedly, there's also a clear vision behind these acquisitions and NPD. They may all have had different beginnings, and they may all be taking different routes to get there but, ultimately, they all have the same end goal – to create hardware and software solutions that enhance our lives, making themselves indispensable, while taking a cut of revenues from transactions along the way.



# THE YEAR OF SHARED INTERESTS

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Initially, early social networks (including Facebook and LinkedIn) revolved around connecting people via their 'social graphs'. 2011's winners were platforms and ideas originating from, supporting and, at times, enabling, the formation of relationships around shared 'interests'. This makes perfect sense, for it is less important how you know someone than how relevant this person is to the conversation.

The widespread conversations on the Japanese earthquake, the Royal Wedding or the protests in Egypt and Occupy Wall Street did not revolve around people 'knowing' each other per se, but on the shared 'interest' people had in the events. The London riots did not spread via actual relationships between the different groups and individuals but around a (foul) concept. Yes – human interests, just like marketing communications that leverage social media – contain the good, the bad and the ugly.

Social media allows individuals to group around shared interests. Twitter and Google+ were both formed on this paradigm and both Facebook's latest changes and LinkedIn's new features showed they too have understood that we shifted a gear. **Groupon**, **Tumblr**, **Stumbleupon** and **Pinterest** are all about grouping around shared interests.

**Nike** continues to connect people practicing one of the most individual sports (jogging) around their shared passion. **Tiffany & Co's** 'World's most romantic places' meanwhile, revolves around people's interest in finding perfect spots for romantic occasions and **HP** tied its offering to people's interest in launching wishes for the new year.

Finally, and brilliantly, **Footlocker** created '**Sneakerpedia**', a Wikipedia-like visual database created by trainer lovers everywhere to showcase every running shoe bought and cherished.

On the flip side, understanding what it is people are interested in must be married with an appreciation for timeliness and relevance as well. Getting those ingredients wrong can be damaging as Australian Airline **Qantas** seemingly found to their cost; choosing to launch a **Twitter** campaign promoting its luxury service at a time when its customers were still seething and far more interested in complaining about a recent grounding of the fleet as a result of the airline's dispute with its unions.

2011 showed us once more that social graph and connections are one thing but there's still no substitute for relevance and tapping into people's interests and passions that match most closely with the brand's identity and business when they have something compelling to bring to the table.



# TABLETS, THE NEXT BEST SCREEN

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The recent past has taught us that revolutionary technological leaps that either meet a consumer need or create a whole new consumer experience will subsequently result in a seismic change in consumer behaviour. Recently, most of these leaps have come from **Apple**. For many years, we had predicted a world of multiple inter-connected screens but it is through tablets – led by the **iPad** – that it is now an everyday reality. In 2011, the iPad 2 launched and continued the trend for record-breaking speed of adoption with well over a million units sold in the first weekend of its release. It was estimated that 40 million iPads had been sold overall, and the total tablet market was estimated at 55 million as competitors joined the fray.

Two things would appear to be driving its success:

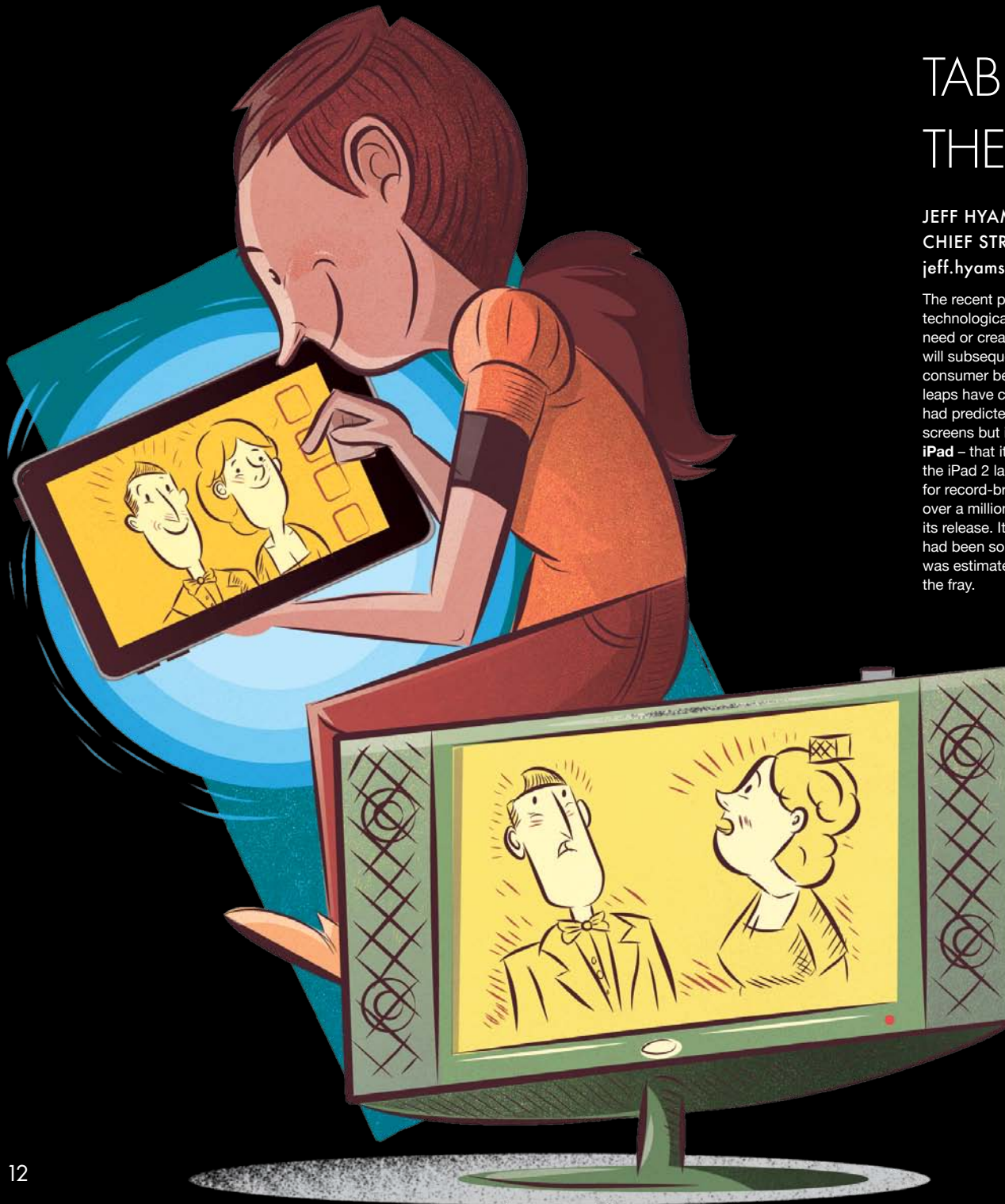
**#1 Wide appeal** has meant that it hasn't been consigned to the "boy's toys" category. They appeal to men and women as well as old and young alike, experiments revealed that it was even coveted by a chimpanzee. There are other interesting dynamics. It's a mobile device that is used 70% in the home (frequently while watching TV) and it's often a shared family device but has 85% personal use.

**#2 Form Factor – wide use and application** has been driven by the intuitive nature of the technology. It's easy to pick up and quickly gives consumers what they need. It's a second screen that can both replace the first screen or enhance it as users watch, create, join in or buy.

Research is showing that the tablet is the preferred format for users for a number of activities, including entertainment, browsing, reading and gaming. They're even seeing increased application in healthcare, education and design. A recent comScore report revealed that tablets are generating 22% of non-computer internet traffic despite their low penetration versus mobiles.

As a result, tablets are taking both share of **sales and share of usage from other devices** (including laptops, books, newspapers and interestingly, smartphones too).

Ultimately, users will revert to the best screen available to them at any point in time, and that screen is often, and increasingly, the tablet. The entry of Amazon's lower priced **Kindle Fire** at the end of 2011 (which, according to reports, was selling a million units a week in the run up to Christmas) will no doubt create an even bigger year for the next best screen in 2012, bringing more opportunities than ever for producers, publishers and marketers to engage with their customers.



# SEARCH AND SOCIAL: INFORMATION AND AFFIRMATION

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Whether it's the developing partnership between Microsoft's Bing and Facebook or the inclusion of Google+ data and user reviews into the search results, the magnitude of search and social alignment has increased dramatically over the past year.

The concept of "social search" has evolved from simply indexing social data into the search results, to delivering a deeper convergence, in which the major search engines leverage social graph data to inform ranking algorithms and enhance user results with social context.

The principle implication of social search is a far more personalized experience. Because users' individual social graphs are tied to the search experience, two people conducting the same query may receive very different results. As Mashable notes, "With social search, each searcher sees unique results that are shaped by the interests of his/her social network friends."

Furthermore, the social graph integration with search exposes peer-recommended content that might otherwise not be surfaced – a development that is blurring the lines between explicit search and serendipitous discovery.



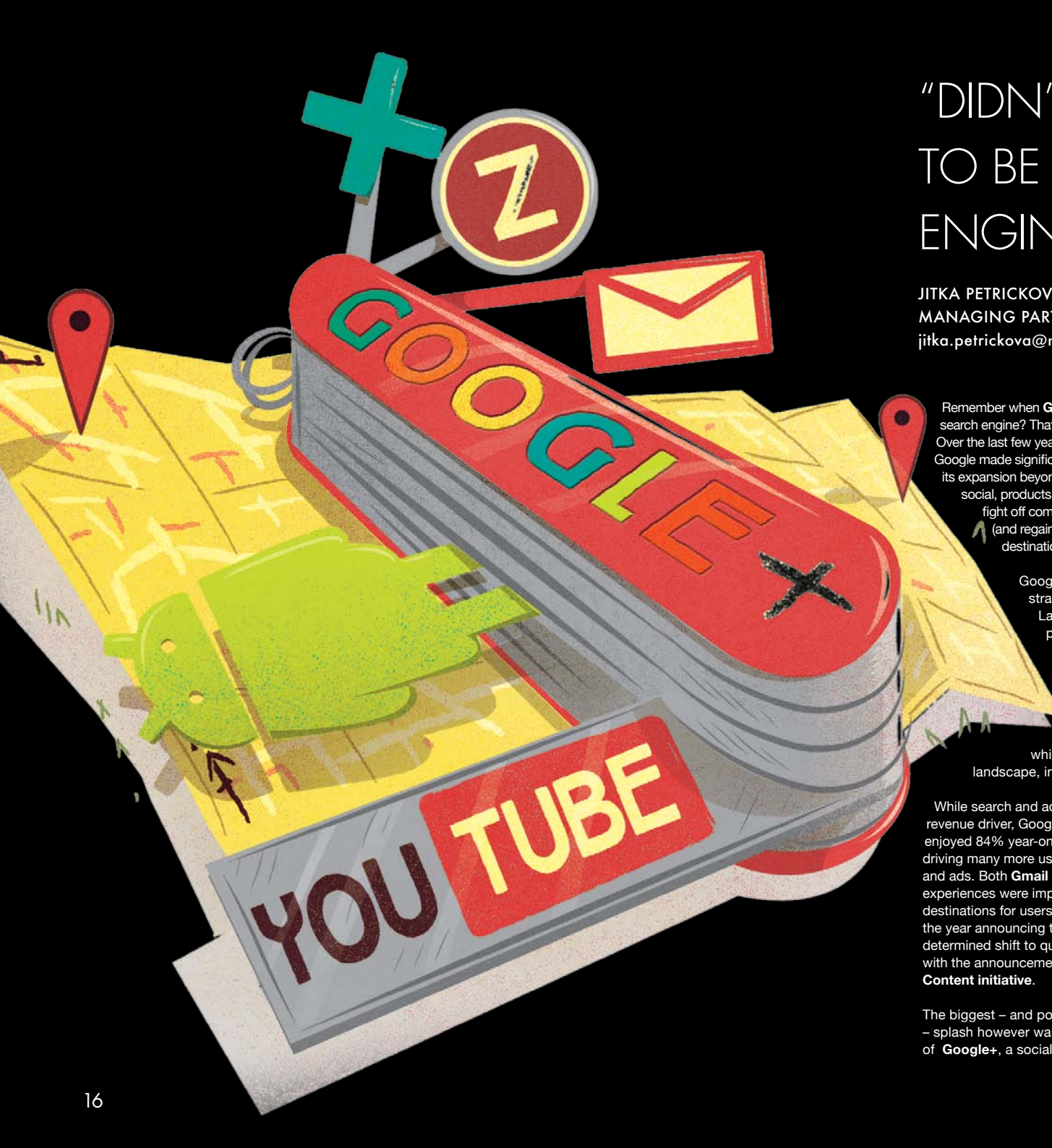
Despite the convergence of search and social, barriers still remain. For example, the largest social networks, Facebook and Twitter, do not currently provide Google full access to the majority of their data. As a result, when Google launched a new social search integration in early January 2012, "Search, Plus Your World". Pundits noted that the "world" is limited to Google+ data versus the broader social graph. As competitors like Facebook and Google continue to jockey for web domination, the potential for comprehensive social search will continue to face limitations.

Despite challenges, social search is an important development, as the convergence of these channels helps users easily combine key information sources. We already know that consumers use search and social in tandem to make informed decisions and to affirm their choices. A recent GroupM study demonstrates that 70% of users leverage search and social together to instill confidence during and after the purchase process.

As the search channel becomes increasingly inclusive of social elements, we're focused on maximizing new opportunities for visibility and impact. Effectively leveraging these opportunities requires marketers to think beyond search to consider content development, social channel optimization, open graph implementation on owned properties and the intelligent application of social data.

Ultimately, Google Page Rank and Facebook Edge Rank may be the two most significant pieces of code that marketers have to outsmart.





# "DIDN'T YOU USED TO BE A SEARCH ENGINE?"

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Remember when **Google** used to be just a search engine? That seems almost quaint now. Over the last few years, and especially in 2011, Google made significant investments to continue its expansion beyond search and into mobile, social, products and patents in efforts to fight off competitive action from its rivals (and regain its position as the top online destination).

Google remained true to their strategy of simplicity in 2011. Larry Page thinks about their products in three separate categories: 1. Search and Ad business, 2. YouTube, Android and Chrome as products enjoying high consumer success and 3. new products which are reshaping the digital landscape, including Google+.

While search and ads continue to be the core revenue driver, Google's **Chrome** browser enjoyed 84% year-on-year growth in 2011, driving many more users to Google products and ads. Both **Gmail** and YouTube consumer experiences were improved, creating compelling destinations for users, and the company ended the year announcing their next steps in a determined shift to quality, long-form content with the announcement of the **YouTube Original Content initiative**.

The biggest – and potentially most controversial – splash however was made with the launch of **Google+**, a social product to compete with

Facebook, which also experienced rapid growth to 49 million\* users by the end of the year with an ambition to reach 400 million users by the end of 2012. The expected deep integration of Google+ with search and other products will undoubtedly cause more controversy this year, but is key to Google's strategy moving forward.

In 2011, **Android OS** celebrated its ten billionth Android app download and the Android Market jumped in four months from 300,000 to 400,000 apps, compared to the seven months it took for Apple. Google protected and added flexibility to Android by buying thousands of patents from **IBM** and attempting to acquire **Motorola Mobility** (a move that may also help the digital giant control its own destiny when it comes to mobile payments and wallets).

Google also zeroed in on **local**, evolving its **maps and offers products** as well as acquiring **Zagat**. Users can now find detailed information, directions, links to review and more for millions of local queries like shops, restaurants, parks and landmarks on both the web and mobile.

With the above funnels in place, 155 million people find themselves on Google each month and 140 million watch YouTube videos each month (according to Quantcast). Google's transformation from search engine to destination with a potential to optimize users experience across all channels is well underway.

\*source: HitWise



# A LEFT BRAIN, RIGHT BRAIN LOOK AT DATA IN MARKETING A) RIGHT BRAIN

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Aggregating multiple sources and tracking more behavioural data than ever gives us a supposedly complete picture of our communications. Data insight promises to make us better targeted, optimised, efficient and effective.

That's all well and good but it's not how much data you have, it's what you do with it that matters. Collected, managed and interpreted well, data is, of course, an incredibly valuable resource and input into communications planning. We would, however, be missing an important trick if we lost sight of the need to balance that with interpretation, instinct and creativity.

Ultimately, consumer data is still 'their' data and if you're going to use it for marketing purposes, you had better make sure you're adding value to the consumer in some way. Merely honing the old 'push' model of advertising with data doesn't match the new reality of consumer empowerment.

A new model emerged in 2011: 'pull' data communications – customer data creatively reinterpreted as a utility to others.

This isn't entirely new of course. FAQs and Amazon's "people who bought this..." algorithm proved that people find other customers' activity useful. However, the idea that technology can now make data itself the draw to deeper engagement with marketing communications came of age in 2011. Brands showed us how

creatively leveraging data can be highly effective and more important than the information itself.

Real-time participation data creates congregation points for brands and deeper relationships with consumers: **Heineken's Star Player** app enhanced the football viewing experience with match data. In the UK **Orange customers voted in the BAFTA film awards using the Flick-o-meter**, a data visualisation tool that displayed the support for nominees in real-time. And, globally, **Footlocker** created '**Sneakerpedia**', a fan-driven database of 'every' sneaker ever bought and loved by their owners.

We're accessing more personal realms of data, too. **Nike+** and **Adidas MiCoach** provide feedback on fitness, and motivation to keep trying harder (and a whole sector of health related apps really took a hold in 2011 generally – from **Pain Free Back**, to **Digifit** and **LifeLens**).

All of these are reliant on – and built on top of – data, but all work because they are based on creativity and adding value to consumers. Data as an input to improve targeting and measurement of advertising is one thing, but using it to inform communications planning, creativity and creating value is where it gets exciting.





# THE RIGHT MESSAGE, IN THE RIGHT PLACE, AT THE RIGHT TIME

## B) LEFT BRAIN

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Advertising and media has sought to achieve this core goal for years, and media agencies have always used data in various forms to optimise towards achieving it.

Over the past couple of years, however, the focus (at least in digital marketing but increasingly elsewhere too) has moved from the right place to the right person. 2011 represented a turning point in this journey. New technologies, such as ad exchanges and demand side platforms, came of age around the world, enabling advertisers and agencies to profile and target individual consumers based on their behaviours in a way never before possible across digital display, video and mobile platforms.

The importance of data has grown exponentially as more of our lives and the media platforms we consume have become connected. He who has access to the best data (and knows how to use it) gains a crucial advantage.

Data owners have seized on this opportunity, creating a whole new economy around the buying and selling of consumer-level data, for example "new" data providers such as **BlueKai** and **Quantcast**, and established companies such as **Experian** and **Acxiom**. It is also

believed that **Google** is close to launching a **data exchange platform** that will allow sellers and buyers of data to come together in a completely new way.

At the same time, technology companies have brought "data management platforms" to market, enabling brands to combine their own data (for example from CRM) with data bought from third parties, or even to sell data to external partners. In 2011 GroupM partnered with WPP's Media Innovation Group to create **Xaxis**, a combined trading and data management platform, giving our clients access to unique data and targeting capabilities.

The explosion in the availability of consumer-level data has raised the important question of privacy however – just because we have access to data, do we have the right to use it? 2011 was the year in which both European and US regulators began to assertively address this question, and 2012 is likely to be the crunch year in which we discover what will and won't be possible in this new world.

# THE STATE VERSUS THE ADVERTISING INDUSTRY

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The relationship between the marketing industry and government has always been an interesting one, but the last couple of years, and 2011 in particular, saw the two come together like never before.

There are two important areas where the government is currently influencing the advertising industry.

First, there are the privacy concerns related to consumer data collection, storage and targeting that have sparked debates, directives and proposed bills in Washington DC and Brussels.

The Federal Trade Commission (FTC) in the US is looking for an increasingly robust self-regulatory policy for Online Behavioral Advertising defined as "tracking of consumers' online activities in order to deliver tailored advertising".

According to the FTC, "consumers have genuine and legitimate concerns about how their data is collected, stored and used online".

Meanwhile, according to a report from the Communications Consumer Panel in the UK, six out of ten consumers said they were concerned about privacy online, while Google was forced in Germany to allow individuals and businesses to opt out of Street View within Google Maps.

In May 2011, Europe's e-privacy Directive, passed in 2009, went into effect, mandating that all data collection online must be made with the consumer's consent.

These areas are further muddled when mobile, location and social media are thrown into the mix, which all present both similar issues to online tracking as well as their own unique ones.

The extent to which the industry's moves to increased standards of self-regulation will satisfy legislators remains to be seen, and the dialogue in the US will continue (of which John Montgomery of GroupM is a part). At the same time, the extent to which the EU directive is implemented by member states will also need to be closely monitored.

The second key area is the legislation created and/or recently enforced around inventory availability in certain markets in Latin America.

In 2011, Latin America saw a double-digit increase in media costs in Argentina and Mexico owing to new legislation. Inventory availability on open TV in Argentina dropped 50% in in both cable and open TV. Inventory caps for local versus international advertising were also enforced. Similar effects were seen in Mexico where the cable industry inventory was also cut in half.

Brazil passed a new law that enforces all media in Brazil to be booked and paid from a local registered company, affecting pan-regional and international advertisers.

It may not be the sexiest topic for many people but, given the importance of data for so much of the future of advertising and marketing, agencies and advertisers will have to keep a very close eye on government resolutions and be their 'best selves' in tackling the legitimate concerns of consumers and regulators.



# USHERING IN THE NEW "TRANSMEDIA" ERA

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**Multi-platform storytelling or transmedia storytelling**, was defined by MIT media studies professor Henry Jenkins as "the art of world making, to fully experience any fictional world. Consumers must assume the role of hunters and gatherers, chasing down bits of the story across media channels, comparing notes with each other via online discussion groups, and collaborating to ensure that **everyone who invests time and effort will come away with a richer entertainment experience**".

While this is certainly not a new concept, the last couple of years have seen a dramatic increase in the number of transmedia stories being produced for consumers. This increase has been fuelled by advancements in technology and adoptions of devices combined with an audience that now expects more control over how they consume and interact with media which is fundamentally marking the decline in the congregation of people around one media.

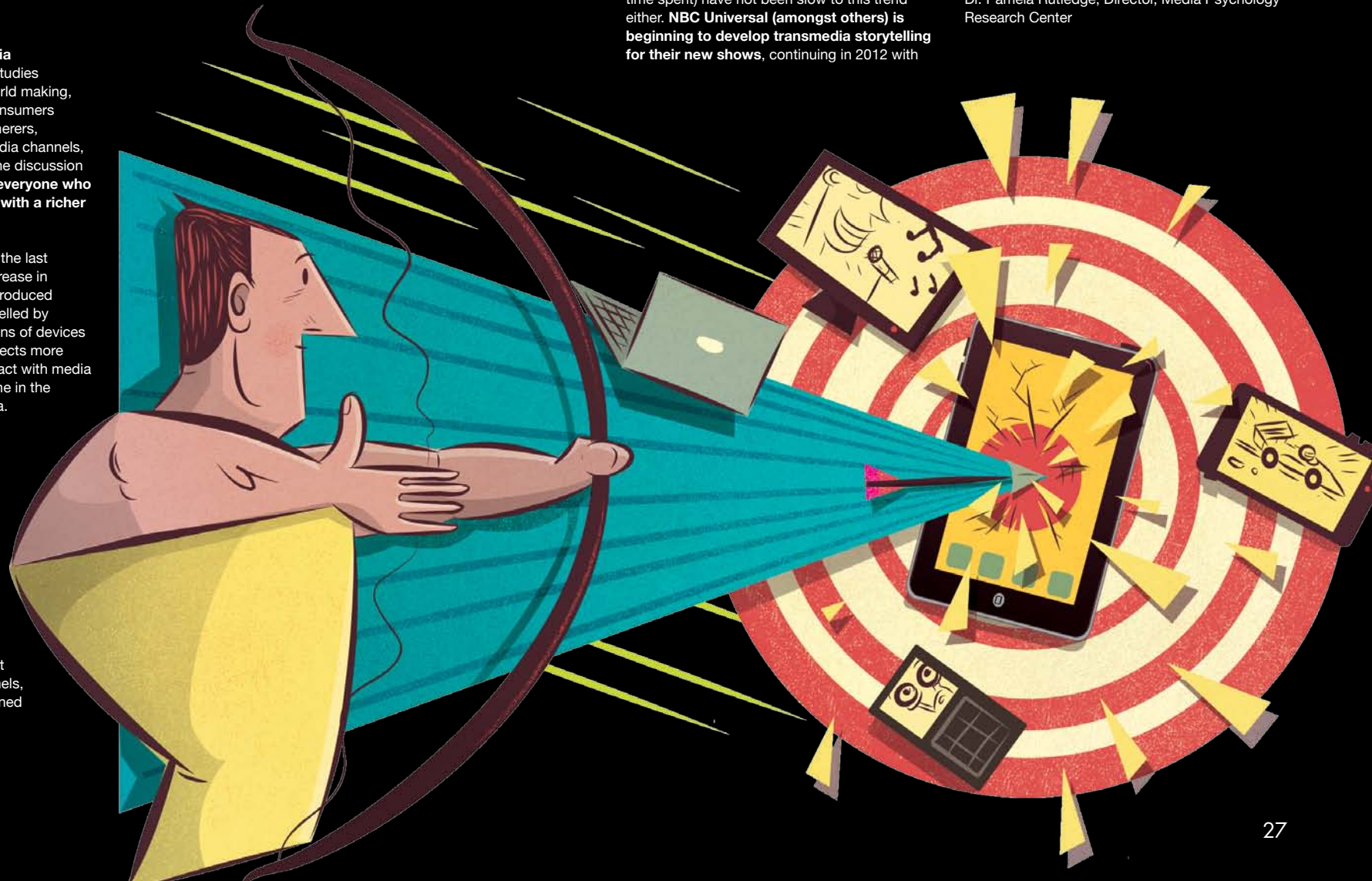
As Jeremy Bullmore famously observed, **"people build brands as birds build nests, from scraps and straws we chance upon... people come to conclusions about brands as a result of an uncountable number of different stimuli."** As audiences become increasingly fragmented and different groups of people are seeing different content from the brand at different times, transmedia storytelling is being used more frequently by publishers, broadcaster and brands to get consumers to follow stories across channels, media and devices, each bit a self-contained piece of the total experience.

Since the success of **BMW's** 2001 campaign, *The Hire*, many more marketers have been going beyond simply telling viewers about the brand to make it a larger more engaging story. This is evidenced in the **most awarded advertising campaigns of 2011 (Bing + Jay-Z: Decoded, Nike Write the Future and Old Spice)** all of which used successfully engaged consumers with transmedia storytelling.

And, of course, publishers and programme makers looking for deeper engagement with their content (and therefore great loyalty and time spent) have not been slow to this trend either. **NBC Universal (amongst others) is beginning to develop transmedia storytelling for their new shows**, continuing in 2012 with

a partnership between their Syfy network and games developer Trion creating a prime-time weekly TV show *Defiance*, which incorporates an MMORPG that will influence the plot and action.

"Transmedia storytelling transforms communications so that we can interact, construct, share, and create meaning within the storyteller's world. It will be the dominant form of communication strategy in marketing, management, entertainment, and education, because it creates a multi-sensory, immersive experience directed by the audience."  
Dr. Pamela Rutledge, Director, Media Psychology Research Center



# RE-ENERGIZED TV: MORE SOCIAL, MORE INTERACTIVE, MORE ENGAGING

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TV has always been social, either through who we watch big games and award shows with or the water cooler talk about the prior night's episode of *Seinfeld*, *Lost*, *The Office*, *Glee* or *The Voice*. The web is inherently social, with a majority of time spent connecting and communicating with others and, of late, upwards of 25% of time spent on social media platforms fueling how we discover and share things, including what we're watching.

That being the state of things, it should come as no surprise that **social and TV have become fuel for each other's fire**, the formalization of which was one of the most significant trends of 2011. So many of the digital success stories of the past 15 years have been simply new (and improved) ways of much older habits. **Social TV** is a perfect example of this. It's the modern day equivalent of calling a friend and asking "Are you watching this??!", or more simply put, it's **water cooler moments on steroids**.

Enter a whole ecosystem of services that connect us with others watching what we are, in real-time, such as **Miso**, **IntoNow** (acquired by Yahoo! in 2011) or **GetGlue** (recently closed \$12 million in funding), along with numerous other platforms to catch up or join in the discussion. All of this allows consumers to be better connected with

their favorite programs, and allows programmers and marketers to better measure engagement with content while or when it happens, live or post. Now we can begin to map and understand the signals audiences provide, such as how **Bluefin Labs** ranks shows and brands by the social activity they generate when on the air.

Next up, and already in development from the likes of **Cisco Videoscape** and **Zeebox**, are social recommendation and discovery engines for TV shows, basing suggestions on what your friends and social graph are watching/talking about, as well as your interests as displayed by the people and brands you friend and follow.

"In 2012, the connected TV platform will mature and revolve around application stores similar to those of iTunes and Android, but on 40"-65" screens in front of a lean back consumer in the living room. TV is no longer simply a box in your living room; rather it encompasses a set of screens spanning LCDs and game consoles throughout the house, computers at work and home, and mobile phones and tablets on your person," says Ed Haslam, SVP/Marketing, YuMe.

# TOP 10 DOWNLOADED MOBILE APPS OF 2011 (FROM MASHABLE)

1. Angry Birds (who else?)
2. Facebook
3. Skype
4. Angry Birds Rio
5. Google Maps
6. iBooks
7. Angry Birds Seasons
8. Fruit Ninja
9. Talking Tom
10. Twitter



# TOP 10

# TOP CAMPAIGNS OF 2011 (IN NO PARTICULAR ORDER)

### **Pepsi/Sound of Football**

Part of the 'Pepsi Refresh' programme, this collaboration used a technology originally used in fighter planes to reinvent how blind footballers play the game.

### **Footlocker/Sneakerpedia**

A Wikipedia-esque community database for trainer/sneaker fanatics, created and supported by Footlocker. Using crowdsourcing and social around a passion relevant to the brand.

### **Tesco/Homeplus interactive subway stores**

Tesco's online property in Korea created this seamless integration of communication and commerce to increase awareness, new members and online sales by leveraging digital out of home and mobile to great effect.

### **Amex/Link, Like, Love**

The finance brand continues to show its aptitude for leveraging social media to provide customer value and drive sales for its partners. Link your Amex to the Facebook app, indicate the deals you're interested in, claim them on Facebook and next time you use your card with that vendor, the money is automatically deducted from your card.

### **Volkswagen China/The People's Car Project**

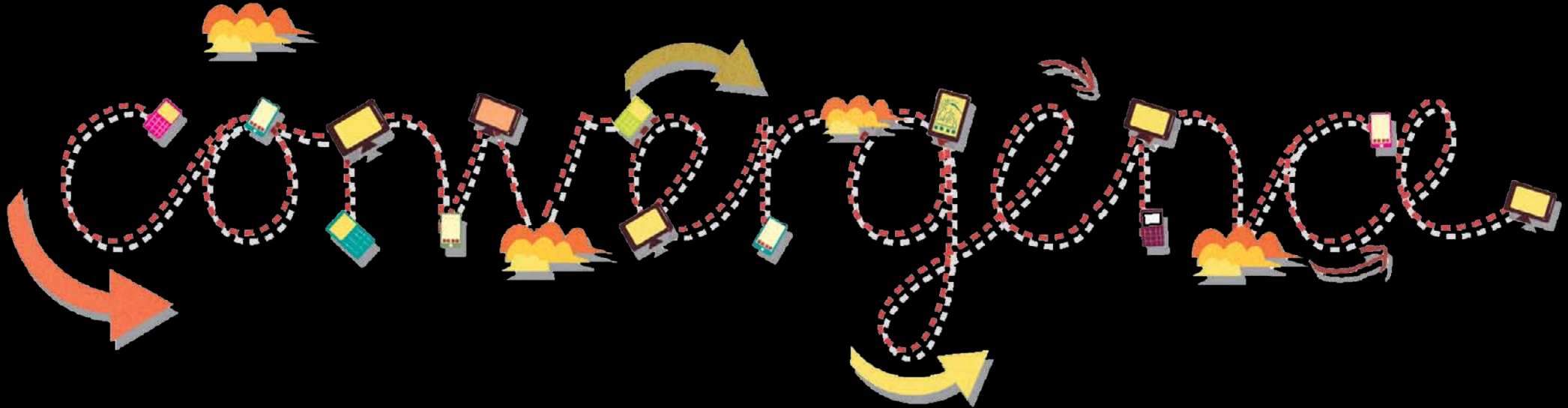
Playing on the double entendre of the translation of the brand name and Communism in China, Volkswagen created this superb, integrated campaign which aimed to ignite and use the imaginations of the people from this blossoming market to fuel new car design concepts and excitement around the brand.



PREVIEW 2012

# FROM FRAGMENTATION TO CONVERGENCE

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How many times in the past 10-15 years have any of us sat through a presentation about media and technology and not seen slides and data highlighting the explosion of new devices that consumers have access to? My guess is probably very few, to the point where we've almost become immune to big numbers highlighting this huge shift.

The purpose of those slides is to highlight the proliferation of new devices and media platforms that has ostensibly led to media fragmentation like we've never seen before, with a whole new set of challenges and rules for marketers.

Indeed, it is true that the past 15 years have seen not only unprecedented proliferation of new consumer technologies, but along with it a

fundamental shift in our behaviors and attitudes to technology. The sheer volume of potential wireless internet-enabled devices (cars, phones, tablets, e-readers, home appliances and games) ensures that the projected scale for the mobile internet and computing era far outstrips anything that has come before.

While device proliferation and media fragmentation have been our reality, what we're seeing now – and a major trend for 2012 – is the convergence of those devices and platforms. Not convergence in the way we normally think of that word (with one outright 'super-platform' to beat all others) but rather a 'connecting the dots' between those many devices in our lives, fueled by connectivity, data and cloud computing.

People have, of course, been multi-tasking between platforms for a while, but what we began to see in 2011 – and will see a lot more of in 2012 and beyond – is a formalization of that usage behavior through connected devices (individually connected and connected to each other). TVs, tablets and smartphones have been the standard bearer for this trend, with Nielsen estimating dual-consumption at c.70% and technology companies and TV networks testing formal connections between them.

The possibilities go far beyond what we have seen so far, with seamless connections between online, mobile devices, TVs, digital out of home, retail and even household appliances and cars. We've had this promise for a number of years,

but advancements in using data sources to enable us to see audiences across platforms (in a privacy compliant manner). The advent of cloud computing services are key reasons why 2012 will be the year this becomes a reality.

Organizations such as **Nielsen, Kantar, CIMM** (measurement); **Apple, Amazon, AT&T, TapAd** and **YuMe** (targeting) are helping put the building blocks in place that will enable us to connect those dots between devices and channels, delivering and measuring the most coherent brand story for consumers.

# THE DIGITAL REVOLUTION HITS THE HIGH STREET

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2012 is set to be the year in which the digitisation of retail will explode. This means far more than touchscreens in store and digital POS – these are already part of the landscape. We believe the next stage will see retail adopting the type of behaviour and openness that is associated with the digital, social era that we now live in.

Crucially, this isn't a shift purely driven by the retailers but by the newly empowered consumer. They will demand this kind of service and functionality from retailers and take their business elsewhere if they don't get it. So what can we expect to see and how should the retail sector respond?

## 1. Comparison culture comes to the high street

We're used to using the web to compare costs of service items like insurance or financial products. The digital generation is bringing this to the high street. We'll be browsing online beforehand then visiting the store to try items for real. We'll be comparing prices and reviews online whilst in-store and going somewhere else if they're not competitive.

Accepting this behaviour and helping people validate their purchase decisions (even if it means explaining a price differential or compensating it), will help retailers increase in-store conversion and reduce basket abandonment.

**Amazon recently offered customers \$5 off any purchase if they compared prices in a store with their Price Check app – allowing customers to barcode scan or photograph any item and pull up the best prices for it.**

## 2. Data-driven shopping experiences

The volume of data customers now share through their digital devices and platforms allows retailers to tailor shopping experiences at every step of the journey for mutual benefit.

Leveraging mobile devices and data, retailers will be better able to connect with customers out-of-store and **drive foot traffic** with relevant, targeted, time sensitive offers (see **House of Fraser's partnership with network O2 in the UK, Home Depot, Apple and Macy's**).

Using customer data or even the customers themselves, retailers will **improve the shopping experience** to make it a richer, more personalised shopping experience – highlighting items you might be interested in; digital installations and fitting rooms, and special offers specifically based around you and your purchasing habits.



**Kraft teamed up with Intel** to create 'What's for dinner?' – a scanning device that analyses your face to build a profile, matches this with wider data and then delivers you're a recommendation for dinner from Kraft's range.

## 3. Be where the consumer is

Retailers can learn much from the major content players online about the need to be where your consumers are, rather than always expecting them to come to you; presenting the opportunity of opening up new sales outlets online, beyond the website.

**Tesco-owned Homeplus** in Korea knew their customers were busy and frequently short of time to head off for a long trip around the aisles, so they brought the shopping aisle to the commuter. They created a virtual store in subway stations, combining digital OOH and mobile technologies in

an incredibly seamless way, driving a 76% rise in new members and a 200% increase in online sales.

**Customers simply scanned the code next to each item and it dropped into their virtual basket – ready for payment and delivery when convenient. Online sales increased by 130%, with over 10,000 customers trying the stores.**

With the rise of social, mobile and television commerce platforms in 2012 and beyond, it's becoming critical to consider every type of digital platform for both communications and commerce, ideally connecting the two together to drive sales, as Tesco Homeplus did.

# BEYOND PAID OWNED EARNED TO THE YEAR OF CONTENTRICITY

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2011 was the year that 'Paid, Owned and Earned' media was widely embraced as a way of structuring coherent communication frameworks. The best strategic recommendations that I saw from our offices around the world all deployed the POE construct. However, there hasn't yet been a real discernable shift in emphasis and investment from Paid, towards Owned and Earned among brands and their agencies.

Whilst it's true that many marketers have focused on Facebook as an Owned and Earned distribution platform, too much brand messaging on the platform has been poorly executed, with little cognizance of consumers' expectations and

needs. A lack of consumer-centricity and relevance in brand messaging has, in turn, led to a prevailing dissatisfaction among consumers. In Asia for example, both Indians and Filipinos view brands as particularly intrusive on social networks\*.

We enter 2012 with the realisation that being relevant is more critical than ever. In an increasingly cluttered and cynical advertising world, there is a school of thought that says a **relevant**,

**compelling content idea should sit at the heart of brand communications** – an asset that gets formatted, distributed and amplified across multiple platforms, screens and media.

MEC Access' work for **Barclays/Blueprint for Success in Football** campaign exemplifies this kind of thinking. Ten four minute audio-visual vignettes which first aired on the BBC's global editorial feed, then "liquified" across Cathay Pacific and Singapore Airlines in-flight entertainment, Asia *Wall Street Journal's* print edition, Economist.com, through to tablets and smartphones via partner TMS and supported by paid media TV, print and digital.

Examples such as **BMW Evolve, Gatorade's Replay and Everything to Prove, and most recently Pepsi's Sounds of Football** are well-documented in the industry but are the golden exceptions to the norm. 2012 will see the widespread acceptance of the need for marketing communications to provide value itself, not just communicate value of the end products.

As **Burberry's Chief Creative Officer Christopher Bailey** noted in 2011: "We are now as much a media-driven company as we are a design company, because it's all part of the overall experience".

One positive outcome of 24/7 marketing across social platforms, has been the recent emergence of content calendars as a necessary planning vehicle. Expect to see annual content programs embraced and adopted further in 2012, especially as Google and Facebook (incredibly important discovery platforms for people) adapt their algorithms and a greater importance is placed on relevant content.

This will provide its own set of challenges, not least as a result of the multi-platform, multi-screen, multi-format nature of emerging media consumption. It will be imperative that marketers and agencies form an ecosystem of cost-efficient producers adept at creating and repurposing formats that are increasingly mobile, audio-visual, shareable and multi-screen.

Most important of all for 2012, we will have to pursue a deeper understanding of consumer motivation, desire and needs in order to create the most relevant and successful Owned content in 2012.

\* TNS Digital Life, 2011



# FROM VOLUME TO VALUE OF FANS/FOLLOWERS

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In 2012, we expect to see a growing maturity in the adoption of social media amongst marketers and a greater emphasis on understanding the value created by engaging consumers at scale within social media platforms. If, to date, marketers have been fixated with growing the sheer numbers of their fan base – versus the competition – then **moving forward they will increasingly ask the question of what value do all those fans, followers and likes bring to their brand and business.** New breakthroughs in measurement, as well as further growth of social commerce, will facilitate this shift.

As they look for more resource and investment in social media channels in 2012, marketers will be required to understand better how engaged online fans contribute to the bottom line and how they can be leveraged for further business growth. As marketers seek to maximise the impact of their social media activities, so the platform providers and third-party research vendors seek to answer their ROI questions.

Facebook itself has evolved its audience insights platform to enable marketers to understand how fan bases can influence wider audiences better – raising brand awareness and engagement – by helping spread content organically. This deeper social graph analysis can now be supplemented by **comScore's Social Essentials** online audience research data to better understand the 'power of likes'.

**Millward Brown Dynamic Logic** now offers a **FanIndex** survey to provide deeper attitudinal insight into fan motivations, their expectations and resultant change in perceptions. Their sister

Kantar agency, **TNS** is now launching **F-Power** research to better understand the value and commitment/loyalty of Facebook fans.

New start-ups are emerging, such as **Campalyst** that provide social analytics to measure the revenues and conversions from Facebook pages for e-commerce retailers, and **SocialCode** that helps brands understand the monetary value of their fans.

For us, this shifting marketplace focus, from volume to value, will drive ever greater integration of Paid, Owned and Earned media performance data with brand health and sales data, providing our clients a deeper understanding of their integrated and always-on online communications effectiveness.



# BUILDING (DATA) BRIDGES

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Wikipedia describes the “infinite monkey theorem” as stating that a monkey hitting keys at random on a typewriter keyboard for an infinite amount of time will almost surely type a given text, such as the complete works of William Shakespeare. With the fire-hose of data deluging us all from both the visible universe of search patterns, social media, website traffic etc. and the data of location and transaction that comes from a myriad of connected devices – the so-called “internet of things” generating EPOS and GPS records – **data remains the media and marketing industries’ ‘go-to’ trend.**

**Get enough data and we’ll see a story, right? Wrong.** Data needs joining up: patterns in traffic need to join with patterns in upstream demand creation and downstream customer satisfaction. And multiple views of the same consumer across channels/platforms need to be bridged to create one consistent view. In the 90s, the hot investments were internet properties. In the early “noughties”, it was ad networks and over the last couple of years it has been companies that produce, manage or analyze marketing data. This has led to a resurgence among the old guard marketing-mix modeling shops with IRI being taken over by Venture Capitalists and MMA being spun out of Aegis as the industry looks for ways to make sense of the data deluge and measure marketing performance in this new world order.

At the same time, organizations like **Nielsen, Kantar, CIMM (Coalition for Innovative Media Measurement), AT&T, Google and WPP’s Xaxis** are all working to put the interim steps in place on the route to full addressability in media, attempting to fuse empirical and modelled data sets for more efficient cross-platform audience measurement, targeting, tracking and attribution.

A recent WPP briefing to investors noted three strategic priorities: new markets, new media and “quantitative” – reflecting the opportunities of data. As a result, WPP have launched the Data Alliance which brings the multiple agencies and Kantar companies together to help lead the way in answering the remaining conundrums facing the industry and deliver on the ‘data promise’ that led to data becoming the new black.

Bridging data sets is not for the faint-hearted and evolves every day. The “Teenies” will see more investment, growth and traction for these industries.



# FIVE MAJOR STORIES FROM CES 2012

## **Smart screens**

Simple as that really. Smart screens were the story of CES 2012 whether smart TVs, tablets, graffiti monitors, fridges or car dashboards. Smart individually and smart (connected) together.

## **Nokia's latest Windows Phone: Lumia 900**

Well received and awarded (no small achievement with the sheer volume of devices on show) and a serious challenger to Apple and Android devices?

## **The introduction of the Phablet?**

Is it a phone, is it a tablet? Actually, the Samsung Galaxy Note is a bit of both but whether it gains traction with consumers remains to be seen.

## **Huge, crystal clear TV screens**

Sharp, LG, Sony, Samsung – all came with even bigger and better screens than ever before. OLED, Crystal LED, 8K Super Hi-vision LCD – new terms to learn and remember.

## **Big screen, little screen**

Lots of technology on display – either wirelessly projected from laptops, ultrabooks and tablets to the TV or synced content from the TV to other screens around the home (Intel especially prevalent, as well as Motorola).

# GARTNER'S TOP 10 STRATEGIC TECHNOLOGIES FOR 2012

## **Media tablets and beyond**

Effecting enterprise as much as consumer environments.

## **Mobile centric applications and interfaces**

UI design shifting from windows, icons, menus and pointers to touch, gesture, voice and video.

## **Contextual and social user experience**

Increasing utilization of contextually and socially intelligent systems to deliver relevance.

## **The internet of things**

The internet expands beyond 'computing' to sensors and intelligence added to physical items.

## **App stores and marketplaces**

Grows from consumer-only to enterprise solutions.

## **Next-gen analytics**

Shifts from offline to in-line embedded analytics; from analyzing historical data to simulating and predicting the future; shift to cloud resources.

## **Big data**

Introduction of emerging technologies to handle size, complexity and speed of delivery in data management.

## **In-memory computing**

Gartner sees huge use of flash memory in consumer devices.

## **Extreme low-energy servers**

## **Cloud computing**

Cloud as a disruptive force with implications for enterprise, consumer technology and marketing.

# TOP CONSUMER TRENDS OF 2012

## **1. Red carpet**

Brands going out of their way to shower Chinese consumers with tailored services and perks given their spending power and prowess.

## **2. DIY health**

Apps and other devices will increasingly let consumers discreetly track and manage their own health.

## **3. Dealer-chic**

Rather than having to hide one's haggling, securing the best deal is now accepted, if not admired by one's fellow consumers – a significant shift in consumer attitude.

## **4. Eco-cycology**

Brands helping consumers recycle by taking back all old items and doing something constructive with them.

## **5. Cashless**

The rise of a new ecosystem of payments, rewards, loyalty and offers (see Google, Isis, Paypal and Square).

## **6. Bottom of the urban pyramid**

Huge opportunity to cater to the hundreds of millions of low-income urban consumers in markets such as India and Brazil.

## **7. Idle sourcing**

Crowd-sourcing with little effort from the crowd.

## **8. Flawsome**

Brands that behave more humanly, exposing their flaws, will benefit in a cynical consumer world.

## **9. Screen culture**

Life will take place via ubiquitous, personal, immersive and interactive screens – options can see the cash cow coming from a mile away!

## **10. Recommerce**

Dealsgoround, StubHub, Patagonia Common Threads initiative – all reflecting the 'trading in/up' trend.

## **11. Emerging materialism**

A new wave of frank and risqué campaigns and products in traditionally 'conservative' markets.

## **12. Point and know**

The continuing explosion of visual recognition and information.



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