

Marketing & Media Ecosystem 2010



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Christopher Vollmer
Leader, US Media and Entertainment
Booz & Company

October 18, 2008
ANA Annual Meeting
CMO Roundtable

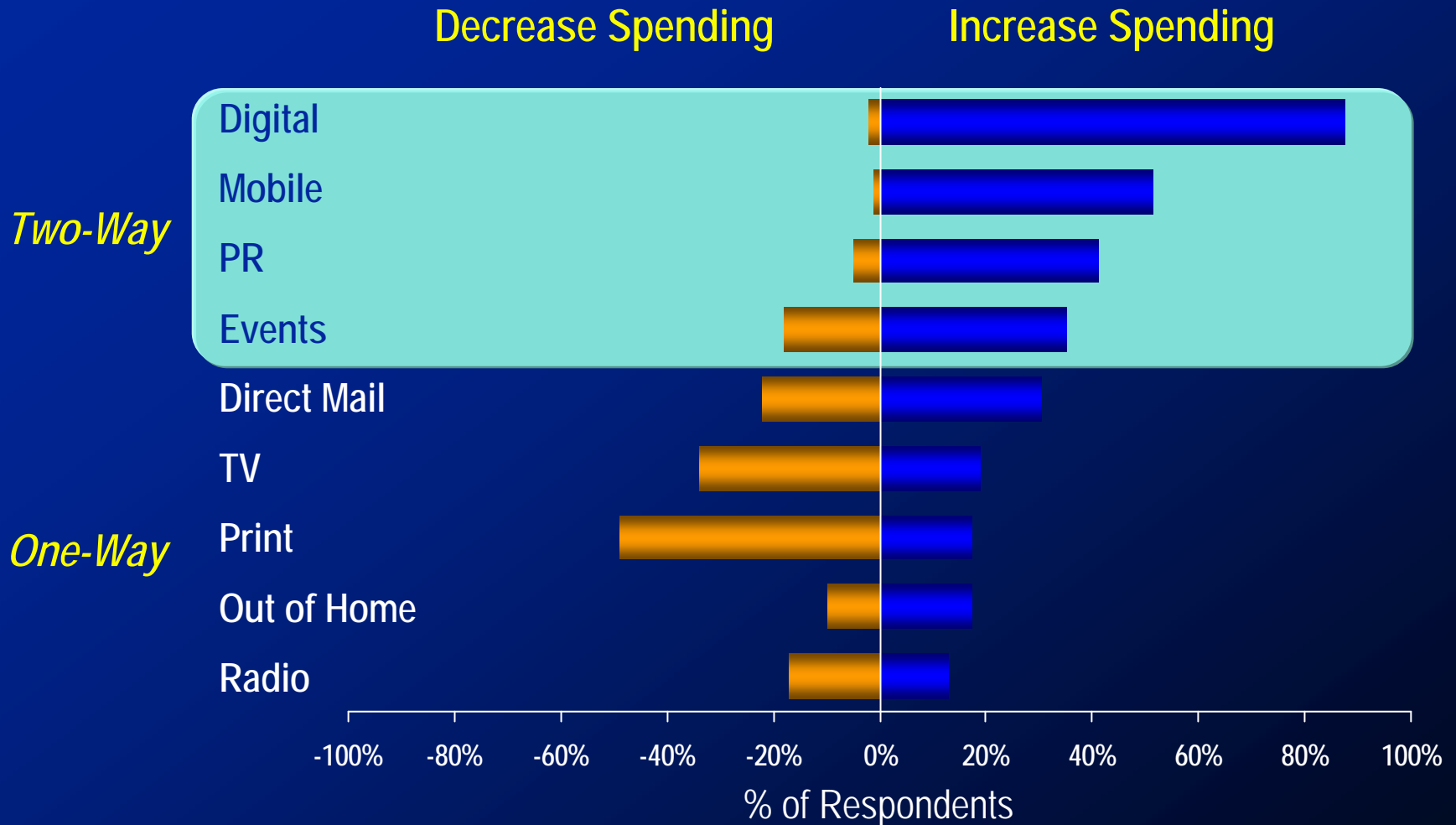
< eco· sys· tem >

“The Complex of a Community of Organisms and Its Environment Functioning as an Ecological Unit”

This Ecosystem Is At An Inflection Point

- 1 Massive Audience Fragmentation
- 2 Boundaries Blurring Between Media and Roles
- 3 Intensifying Focus on Measurement of Business Impact
- 4 "Arms Race" for Consumer Insight and Big Ideas
- 5 More Choices Than Ever for Marketers

Marketers Want More Two-Way Media

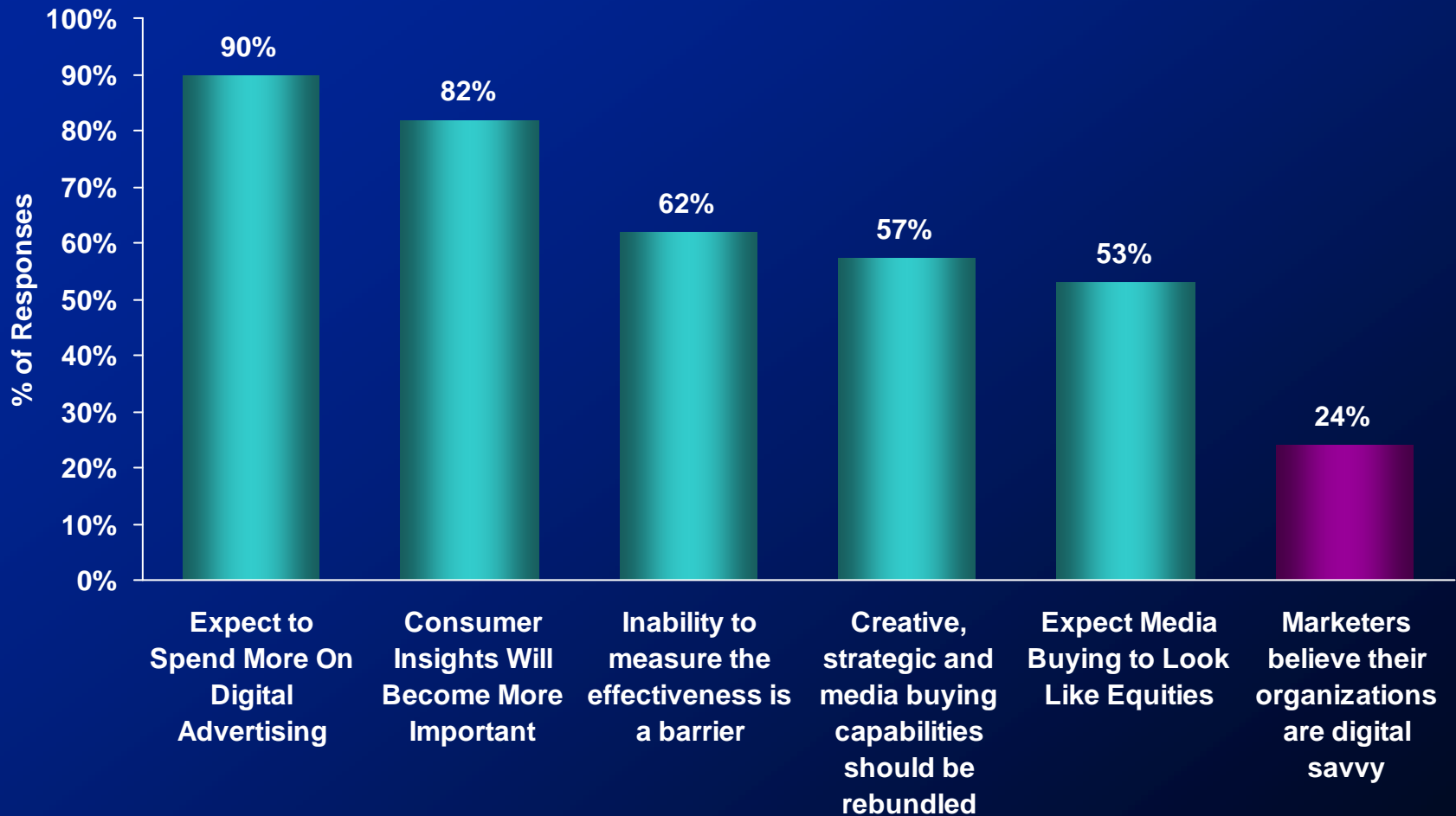


Sources: Marketing & Media Ecosystem 2010 survey and Booz & Company analysis



Marketer Expectations Are Changing

Marketer Views on MME 2010



Sources: *Marketing & Media Ecosystem 2010 survey and Booz & Company analysis*



Marketers, Agencies, Media Co's Expect Digital's Influence to Grow

Key MME 2010 Findings

Marketers

- ◆ 88% agree the speed of marketing execution will become more important due to digital
- ◆ 80% believe insights into consumer's digital behavior and related targeting will become more important

Agencies

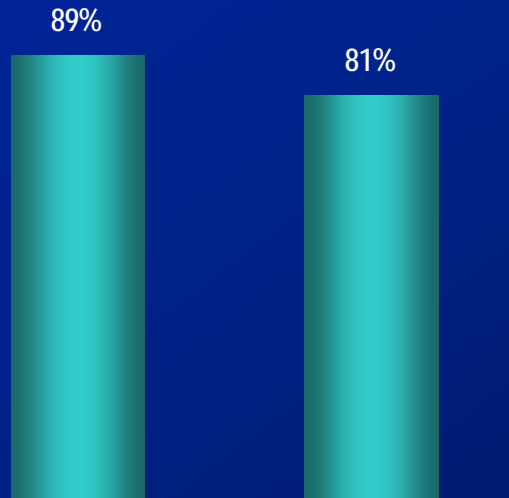
- ◆ 85% using digital media to better understand consumers
- ◆ 71% expect digital to reach 25% of media mix by 2010

Media Companies

- ◆ 73% expect existing advertisers to shift more \$\$\$ online
- ◆ 67% view digital as equal in quality to other media

Ecosystem = More Demanding and Complex

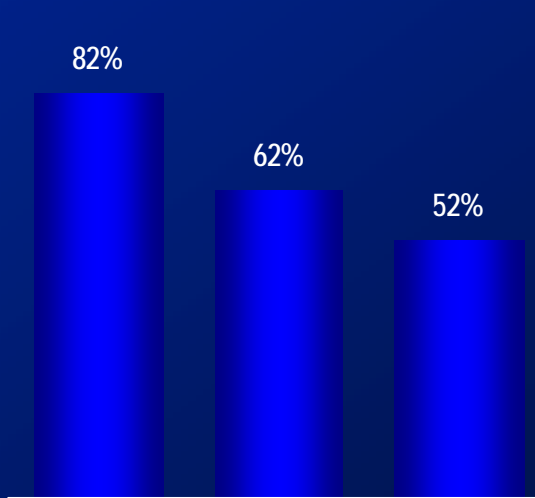
Marketers



Developing Ideas that Cross Media Platforms, Including Digital

Collaborating with Multiple Marketing Service Providers

Agencies

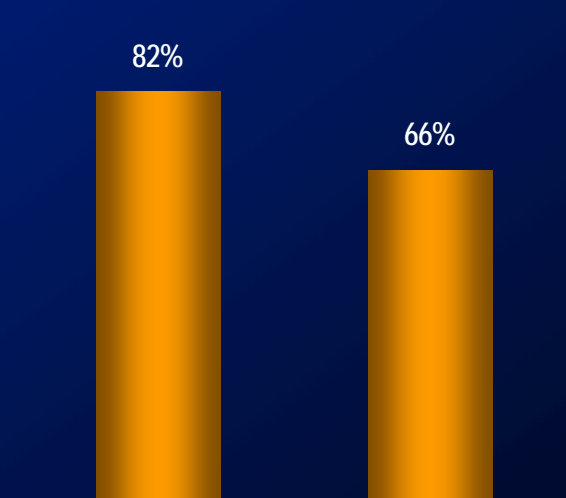


New Partnerships Required to Access New Data Sources

Working With More Agencies Than Before

Full Services Agencies Do Not Offer All the Services Marketers Want

Media Cos

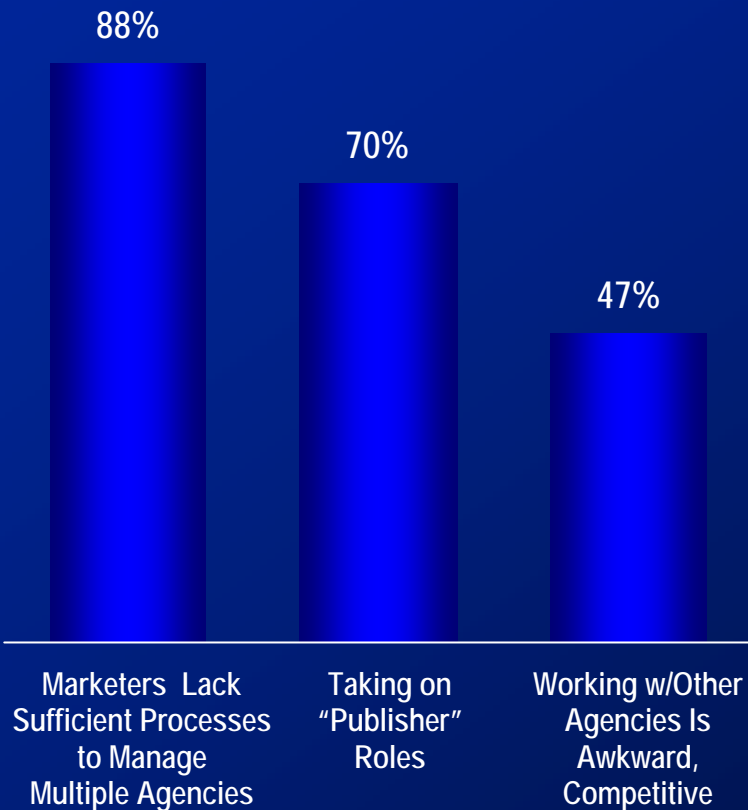


Restructuring Ad Sales Teams

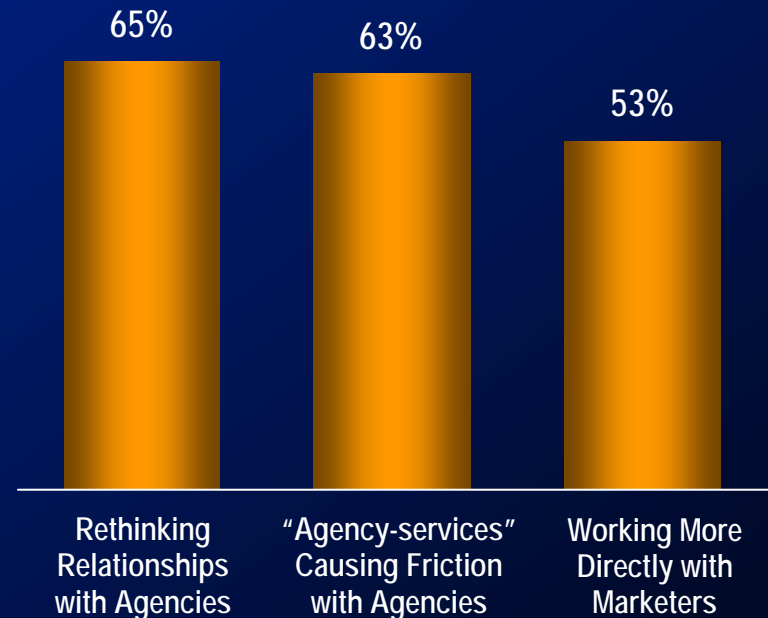
New Partnerships Required Across the Value Chain

With More Complexity, There is More Tension

Agencies



Media Companies



Sources: Marketing & Media Ecosystem 2010 survey and Booz & Company analysis



Many Concerns Relate To Managing Digital

Key MME 2010 Findings

Marketers

- ◆ 59% lack sufficient experience with digital/online media
- ◆ 51% do not have adequate senior support for digital

Agencies

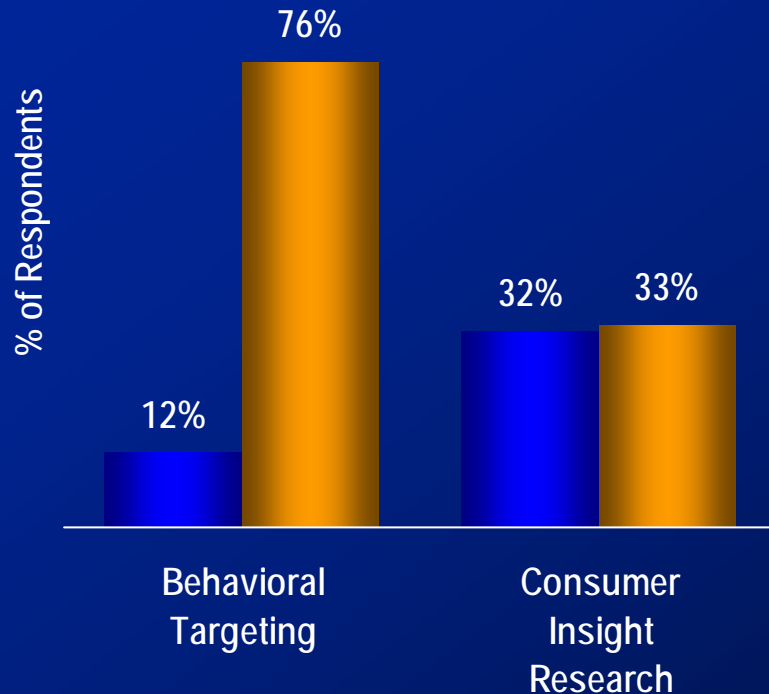
- ◆ 73% are challenged to attract enough digital talent
- ◆ 47% view digital as too resource intensive relative to revenues

Media Companies

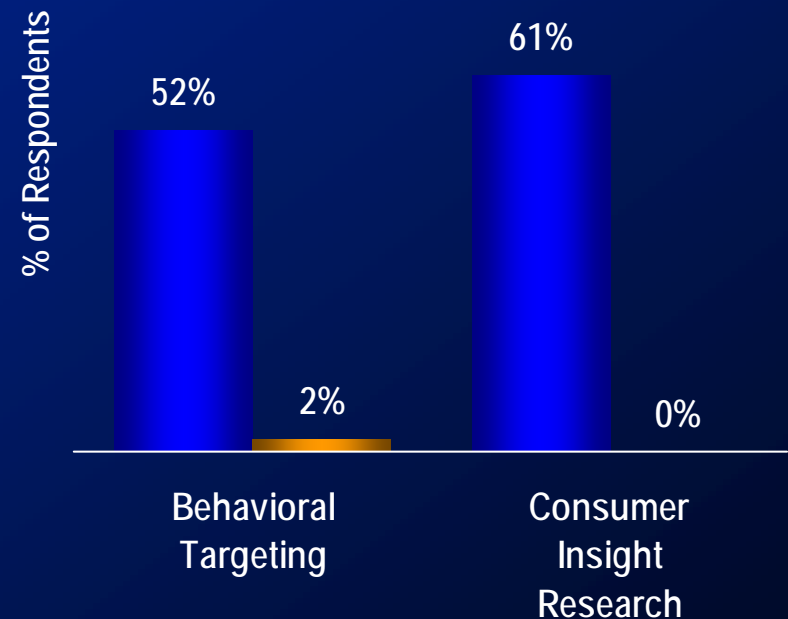
- ◆ 67% need to upgrade their supply chain capabilities
- ◆ 50% view labor spent on integrated campaigns as not commensurate with revenues

And Ownership of Value Chain Roles

Media Companies Believe
Responsibility Lies With ...



Agencies Believe
Responsibility Lies With ...



■ Agency of Record ■ Media Company

Sources: Marketing & Media Ecosystem 2010 survey and Booz & Company analysis



Leadership Requires a Different “DNA”

Leading Marketers Are More Likely To ...

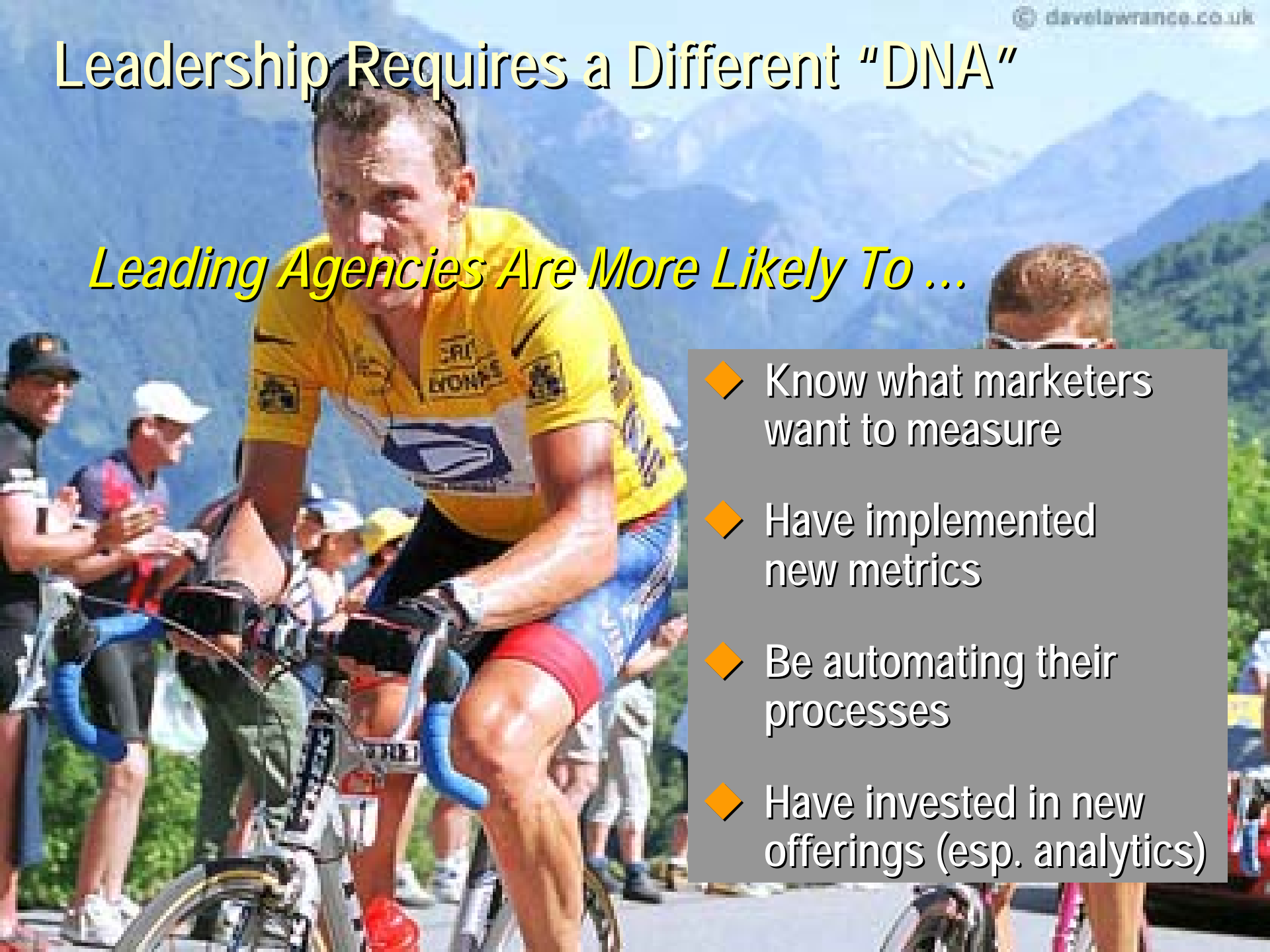
- ◆ Be using two-way media
- ◆ Have digital embedded in:
 - Dashboards + metrics
 - Media mix modeling
- ◆ Have new positions/ processes to work with partners



Leadership Requires a Different "DNA"

Leading Agencies Are More Likely To ...

- ◆ Know what marketers want to measure
- ◆ Have implemented new metrics
- ◆ Be automating their processes
- ◆ Have invested in new offerings (esp. analytics)



Leadership Requires a Different “DNA”

Leading Media Companies Are More Likely To ...

- ◆ Be investing to help marketers “get it”
- ◆ Sell solutions, not just ad space
- ◆ Prove it -- linking media value to key metrics

More Cross-Industry Effort On Metrics

Marketers

- ◆ *Weak Ability to Measure Effectiveness of Digital (62%)*
- ◆ *Metrics are not comparable (44%)*

Agencies

- ◆ *Working to Understand marketer needs in measuring Digital (64%)*
- ◆ *Marketers Need to Share Targets/ Objectives to Aid Ability to Measure Effectiveness (59%)*

Media Companies

- ◆ *Lack of Metrics Standardization Limits Digital Ad Spend (98%)*
- ◆ *Need to Better Understand What Marketers Want to Measure (78%)*

Other Ecosystem 2010 Priorities



Integration



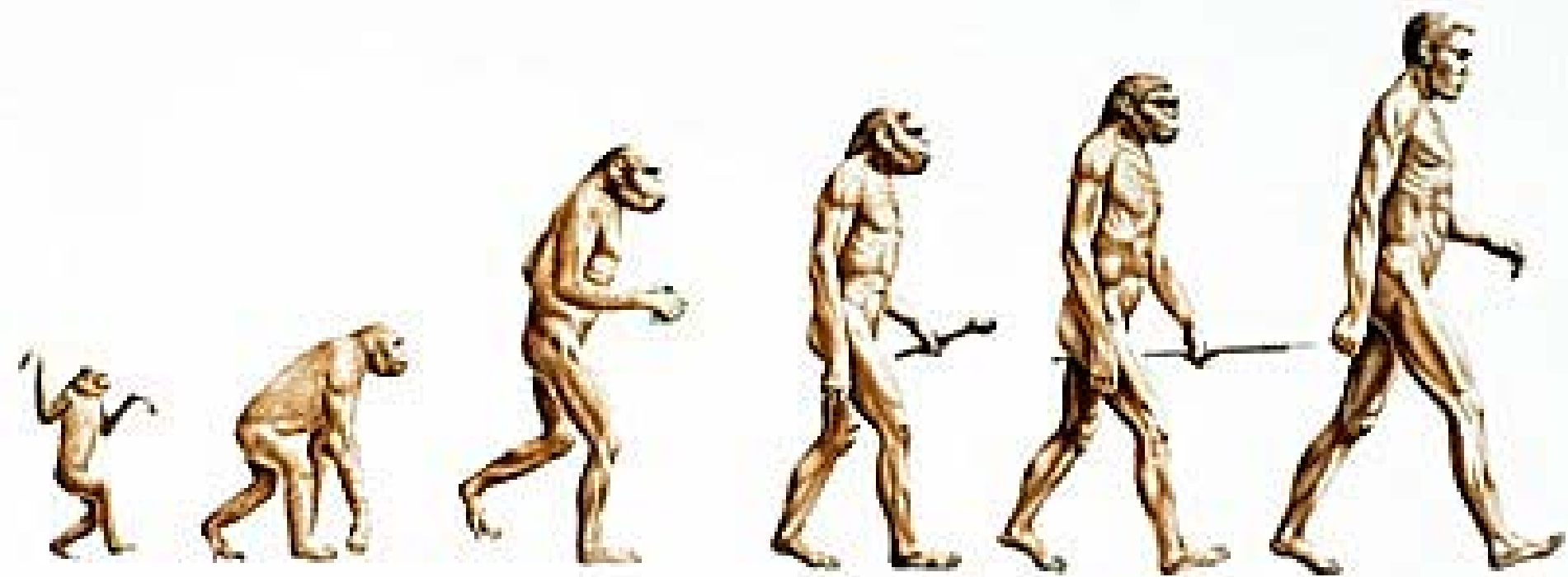
Collaboration



Restructuring



*New Offerings/
Capabilities*

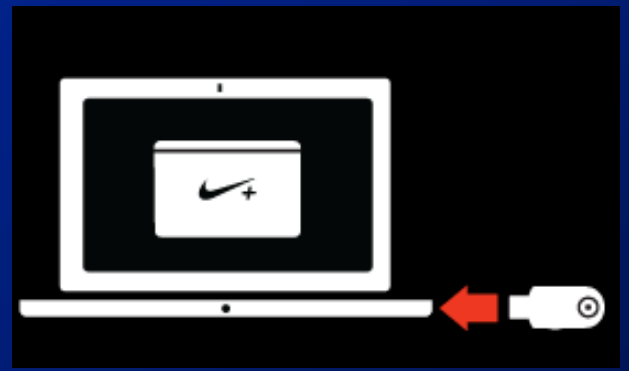


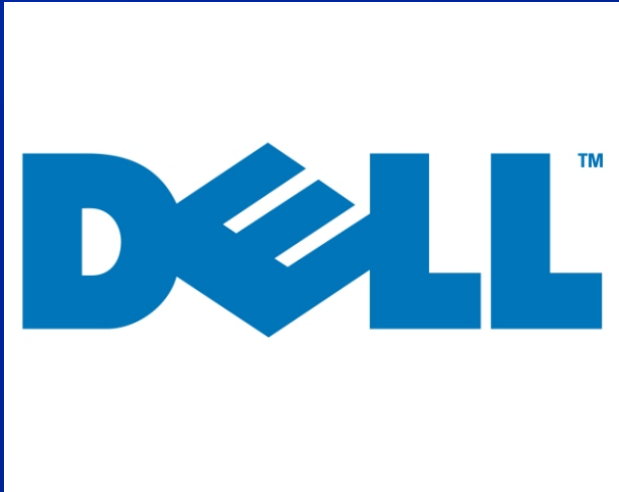


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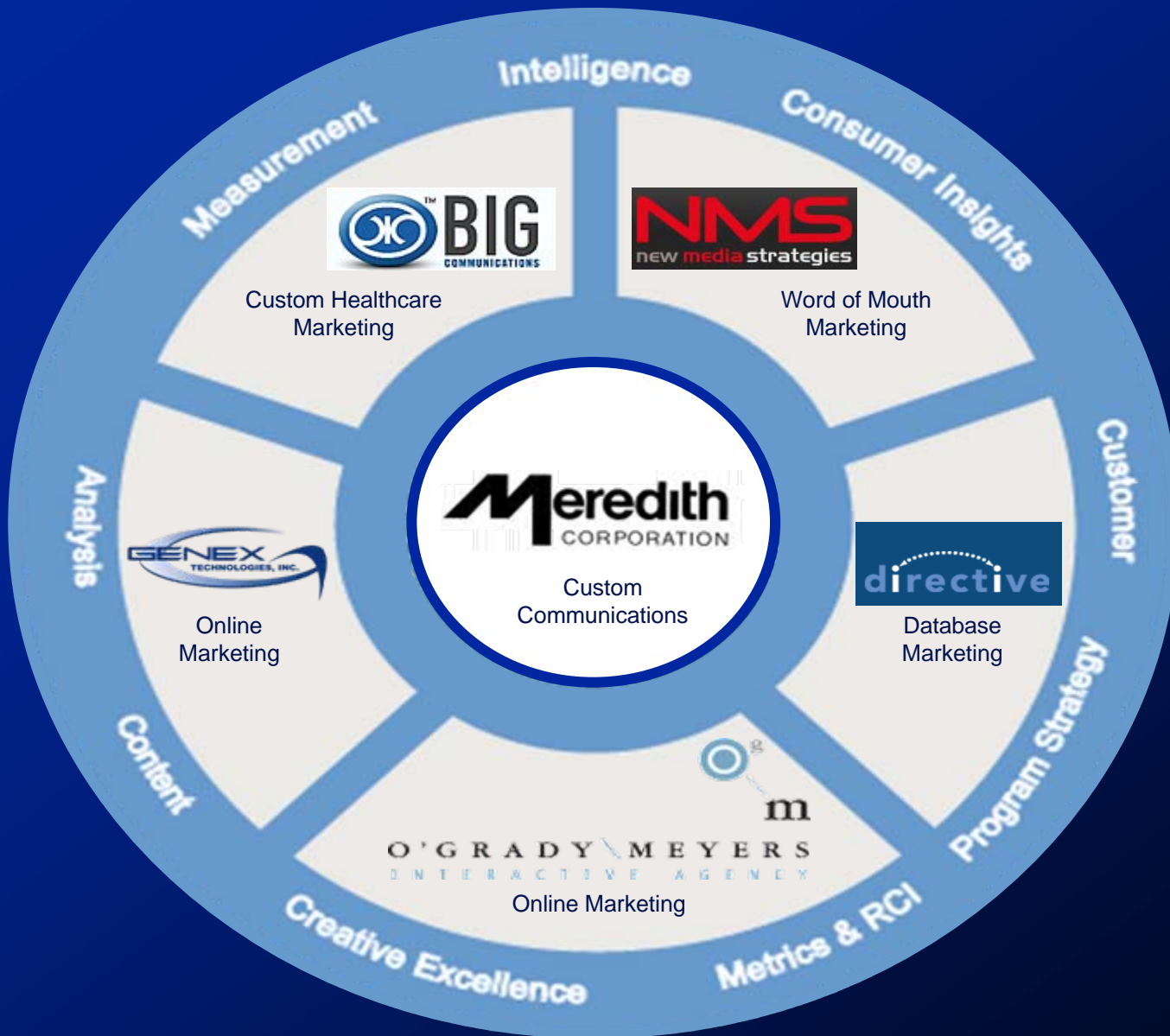


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- ◆ “Custom agency” – built bespoke for Dell by WPP
- ◆ Designed to address Dell’s demands for creativity, efficiency and proof of performance
- ◆ Big emphasis on analytics and measurement



Closing Thoughts

- ◆ Ideas/creativity still matter a lot ... need to be connected to technology, consumer insight and analytics
- ◆ Marketing and Media Ecosystem reorienting around:
 - Performance
 - Relevance
 - Interactivity
- ◆ Major go forward needs: simplification, automation, integration and standardization

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To follow-up contact:

◆ christopher.vollmer@booz.com
212-551-6794

ANA

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AAAA

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2010

