

## KNOWLEDGE BITES - BROUGHT TO YOU BY D&M RESEARCH

Welcome to Knowledge Bites, periodic bite sized pieces of knowledge exchange, designed to be consumed immediately without ruining your appetite for the rest of the day.

### WHERE IS ADVERTISING HEADING?



### ENTRÉE

One of the ways D&M keeps in touch with marketers' thinking is to conduct online focus groups about marketing, advertising and research-related issues. In our latest survey, we talked to marketers and advertisers about the future of advertising, what changes they foresee over the next five years and how they will respond to this new environment.

### MAINS

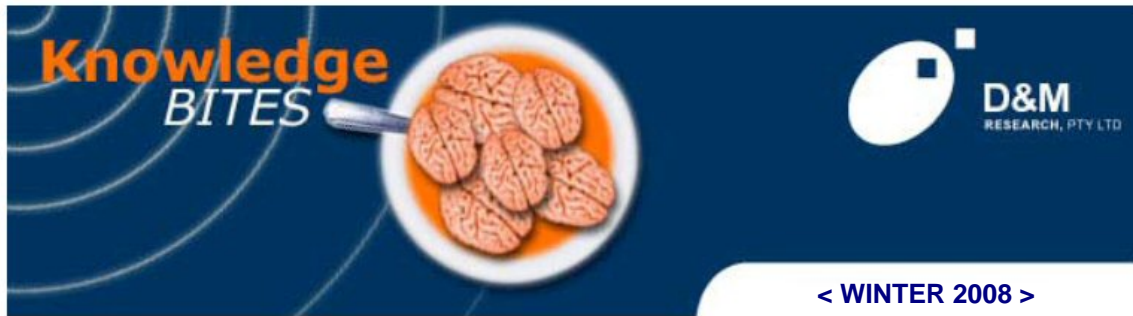
#### *What major changes do advertisers anticipate by 2013?*

The role of advertising is unlikely to change by 2013, but they anticipate a revolution in media usage which has already begun.

Advertisers foresee several major, interrelated changes by 2013. These are:

- A move away from traditional, mass media towards multiple, fragmented digital channels
- Consumers, rather than advertisers, will mainly control media consumption and therefore advertising exposure





- Mass marketing will be succeeded by direct, interactive communication
- Advertisers will be targeting individual customers, not the mass market
- Advertisers will develop a closer, direct relationship with the consumer
- Customer databases will provide the means to develop this relationship
- The traditional measures of accountability will need to be replaced by a new system for digital channels

### ***What's driving these changes?***

These changes are being driven by:

- Technological advances, particularly the increased functionality of hand-held devices and faster broadband
- Greater use of technology, which will become a part of everyday life
- Increased collection and analysis of customer databases down to the individual level
- Increased interest in the self
- Changes in media consumption and preferences
- Increased environmental awareness
- Fashion (e.g. the iPod)

### ***What will be the effect of these changes on advertising?***

Marketers do not think the *role* of advertising will change, just the *media* used. It will still inform, beguile and entertain consumers, but will use a wider variety of media, particularly digital hand-held devices. Advertising has the opportunity to take advantage of the deeper understanding of consumers provided by database analysis and communicate directly with its target market. Because advertising will be more fragmented, common coordinated campaign themes will become increasingly important. In FMCG markets, increased environmental awareness means consumers will want improved packaging and information on a product's origins.

### ***What will be the effect of these changes on media choices?***

Advertisers will need to use multiple media to reach a fragmented audience which is in control of its own media exposure. As the reach of mass media such as FTA TV and newspapers declines, SMS, smart phones and online will become dominant.





### ***What will the challenges be for marketers and advertisers in 2013?***

The challenges advertisers anticipate they will face in 2013 are:

- Continual potential contact with customers anywhere, anytime could appear intrusive: how much will they tolerate?
- Control of media usage, both the type of media and viewing times, will be in the consumer's hands
- The collection and use of customer information may become a privacy issue
- Customer data needs to be analysed intelligently to be useful
- Reaching a common definition of 'measuring advertising effectiveness'

### ***How do advertisers think they will respond to these challenges?***

All parties, clients and advertising agencies, are aware that digital and online advertising will increase: the process has already started. However, their ability to respond could be inhibited by caution and a lack of experience. Currently, both clients and agencies describe themselves as uneducated about digital media and unwilling to take risks.

### ***So how do advertisers think consumers will react to these changes?***

Advertisers believe there will be two major influences on consumers' attitudes towards advertising:

- Consumers will be able to control their exposure to media and consequently to advertising.
- Consumers will become even more well-informed and cynical about advertising than they are in 2008.

As a result of these two trends, advertisers suggest three potential consumer responses to the future scenario:

- Advertising could seem less relevant to consumers
- Advertising could seem more relevant:
  - More tailored to consumers' needs
  - A more personal approach from advertisers
  - The potential to create a mutually beneficial relationship between the consumer and the advertiser
- Advertising will seem intrusive and overwhelming





Marketers and advertisers believe that the degree of perceived relevance depends on the level of trust between the consumer and the brand.

### ***So what should clients and agencies be doing?***

Advertisers could address these issues in several ways:

- Clients and agencies will need sensitive market research and PR campaigns to monitor consumers' receptivity and attitudes towards continual contact between themselves and the consumer. The industry could also develop and publicise guidelines and recommendations on the use of customer data.
- There are opportunities to develop effective, flexible systems for analyzing customer data
- Measuring the effectiveness of digital advertising and comparing the results with those from traditional media
- Advertising will need to be increasingly creative, to catch the consumer's attention.
- Both clients and agencies will need to be braver, better informed about digital media and more experienced in its use.

### **DESSERT**

*If you would like to:*

- ✓ *Learn more about the findings from this study*
- ✓ *Learn more about online groups*
- ✓ *Participate in a 'client' group*

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