

10.3: New Media

LEARNING OBJECTIVES

After studying this section, students should be able to do the following:

1. *List and characterize* the new media forms.
2. *Explain* how word-of-mouth (WOM), viral, and buzz marketing can be used by advertisers.
3. *Discuss* how marketers and advertisers can use virtual worlds to bring messages to consumers.
4. *Review* how social media and social networking sites can be used to advocate brands and brand messages.

It was very important to SS+K and msnbc.com to explore nontraditional and new ways to reach the News Explorer. The msnbc.com target audience is very tech savvy, so aligning the msnbc.com brand with the latest forms of communication was critical. The agency knew that it had to embrace new media in addition to traditional platforms.

New media covers a spectrum of nontraditional methods to communicate with customers. These fall into two categories. First, new communication channels are new technologies (e.g., the Internet, cell phones, and computer games) that support the potential for advertising. Second, new promotional techniques let companies move away from the traditional “advertisers speak, consumers listen” model.

New Communication Channels

Online Advertising

Online advertising includes a spectrum of *text, still-image, animated graphics, streaming-video, and interactive advertising* on the Web. Advertisers create their ad and then find a Web site or service to host the ad. The ad might show on the Web site as a separate *pop-up window* or as a *banner* embedded in the content of the site or running down the side of a Web page. The site might display the ad at certain times of day, a certain number of times, or in certain contexts. For example, **search ads** let advertisers associate their ad with the keywords that Web users enter into *search engines* like Google and Yahoo!.

Online advertising is relatively inexpensive, which means that small businesses can afford it. However, search ads can get pricey because bidding for coveted keywords can be fierce. For example, asbestos lawsuit attorneys bid \$150 for each click-through from searches for the term “mesothelioma.”

Stickiness—keeping consumers at your site—is an important component of good design. For example, the SciFi Channel keeps fans of *Battlestar Galactica* engaged by letting fans see the inner workings of the show. Executive producer Ronald Moore posts concept art, scripts, and outtakes on the Web site. “From the beginning, I wanted a very open policy; let’s put as much on the Internet as we can,” he said. Moore supports viewers who want to download parts of the show, right down to letting fans edit their own versions of the show.

Online ads support both specificity and tracking. “We can see what sites, pages, types of ads perform the best,” said Kathleen Cunningham, president of Advanced Marketing Strategies. She has found that the best way to use the Internet for client companies is to get e-mail addresses volunteered by customers of IKEA, for instance, and then put out occasional e-mails to them about in-store deals. “The trick is to not bombard them with e-mails,” Cunningham said.

Unfortunately, online is a very fragmented media outlet due to the tens of millions of Web sites in existence. Although more and more consumers are spending more and more time online, their time is being subdivided, making it hard to reach a mass audience.

SS+K Spotlight

msnbc.com Branding Campaign - Online																			
		March					April				May				June				
		26	5	12	19	26	2	9	16	23	30	7	14	21	28	4	11	18	25
Entertainment/ Sports	ESPN																		
	The Onion																		
	Entertainment Weekly																		
	Rotten Tomatoes/ IGN Network																		
	Gawker																		
Weather/Traffic	Weatherbug																		
Product Reviews	CNet.com																		
	Gizmodo																		
News/Information	USAToday.com																		
	NYTimes.com																		

Figure 10.8 In order to maximize the effectiveness of the msnbc.com campaign, SS+K and The Media Kitchen planned a big online presence for the launch phase of the effort on these categories of interest to the News Explorer and the respective sites within those categories.

M-Commerce

Mobile commerce refers to the growing trend of reaching consumers through their cell phones and wireless PDAs. For example, Absolut brand vodka partnered with Free411, an ad-supported directory-assistance service. Free411 is just like the phone company's service, except that it's free. Each time the service's forty-five thousand users called to get the number for a club or bar, they first heard a fifteen-second spot for Absolut's new Pears vodka. Callers were then offered a drink recipe that would be text messaged to their cell phones to give to their bartender. Nearly two thousand callers said yes, which was roughly 4 percent of the total call volume. (That's actually eight times the average response rate for such an offer.) The cost of the promotion was under \$50,000.

Cell phone advertising is still in its infancy in the United States, but it's much more common in some other countries, especially those where a large number of people carry Web-enabled phones—in some parts of Europe this proportion is as high as three-fourths of the population. Some advertisers are skeptical about the future of m-commerce because they feel that many consumers will resist the practice of seeing a lot of ad messages clog up their phones. One recent survey reported that only 18 percent of American respondents said they were receptive to the idea of watching ads in exchange for free mobile content. But 37 percent of Europeans like the idea. And large numbers of respondents said they visited a Web site or requested more information about a product after seeing a mobile ad.

The pace of cell phone advertising is likely to pick up as more people get used to the idea of accessing content (other than IMs) on their mobiles. Already, major phone companies including Verizon Communications and AT&T have signed deals to distribute programming—including *Saturday Night Live* clips and user-generated video—to cell phone customers along with ads to support this effort. Expect to see further integration of viewing platforms; even now AT&T is working on a system to coordinate digital purchases so that when a customer buys a movie on his laptop, it's instantly available for streaming to his cell phone and on-demand on his TV.

In addition to using cell phones to send broad-based ad messages, the coupon business is due for a radical makeover as **mobile couponing** takes off. Today cell phone users can sign up to receive mobile coupons that offer discounts on products ranging from CDs and DVDs to fast food. To cash in the coupons, consumers show their cell phone screen that displays the coupon to a store cashier. Virgin Megastores, Hollywood Video, Domino's Pizza, and Quiznos Subs participate in this program, and about one million people have signed up for the service.

Picture this scenario: you're strolling down the street and as you pass a Starbucks your trusty phone beeps and invites you to stop in to receive a discounted Grande Vivanno Chocolate Banana smoothie. Sound far-fetched? For now, yes—but probably not for long. The exciting evolution of GPS technology creates the capability for advertisers to beam coupons to phone users depending on their location. In one early test of this method, Coupon CBS partnered with the social networking service Loopt, which already allows

its subscribers to track participating friends. Ads appear on two Web sites tailored for mobile devices, CBS Mobile News and CBS Mobile Sports. People who choose to participate might see an ad from a business within a block or two of where they live.

Product Placement

In the 2008 season finale of *CSI: NY* one of the show's characters asks the detectives to gather on a sophisticated videoconferencing system to discuss a shooting. But it wasn't just any system—one of the other investigators elaborates, "She wants everybody on a TelePresence call." This happens to be a system that Cisco sells—and it has a way of showing up prominently in TV shows, including *24* and *Heroes*, as well as in movies like *You, Me and Dupree* and *I Am Legend*. **Product placement**, where a show's story line incorporates a branded product, is a strategy to reach consumers on a traditional medium. This technique is now quite common in TV shows and movies, but it even pops up in Broadway shows and the occasional novel.

This practice is so commonplace (and profitable) now that it's evolving into a new form of promotion we call **branded entertainment**, where advertisers showcase their products in longer-form narrative films instead of brief commercials. For example, *SportsCenter* on ESPN showed installments of "The Scout presented by Craftsman at Sears," a six-minute story about a washed-up baseball scout who discovers a stunningly talented stadium groundskeeper.

The inclusion of branded products in shows is not new; the first recorded instance dates to 1896, when an early movie shows a cart bearing the brand name Sunlight (a Lever Brothers brand) parked on a street. Perhaps the greatest product placement success story was Reese's Pieces; sales jumped by 65 percent after the candy appeared in the film *E.T.* As was the case with Reese's Pieces, new products can get a huge boost if they happen to show up in a popular media vehicle (just ask all the authors whose books hit the bestseller list because Oprah recommended them). The startup accessories company Bag Borrow or Steal Inc. discovered this to its delight when the movie version of *Sex and the City* was released. Carrie Bradshaw's assistant, played by actress Jennifer Hudson, admits to her that she "borrows" her pricey handbags from Bag Borrow or Steal instead of buying them.

Getting a plug is nothing new. What is new, however, is that product placement has evolved from a practice of convenience (directors like to include actual products as props to enhance realism) to a deliberate and lucrative business practice. A typical placement deal between Staples and NBC illustrates how this works: when the office products retailer introduced a new paper-shredder called the MailMate in 2006, it engaged a company that specializes in placements to handle this part of its media strategy. The company made a deal with the producers of *The Office* to include the product in two episodes of the hit show. In one show, the character Kevin Malone shreds paper with the MailMate; in the second, the character Dwight Schrute leaves the company and takes a job at Staples. To emphasize the small size of the paper shredder, it sat on Kevin's desk. To show how sturdy it is, he shredded his plastic credit card with the device. And the episode closed with Kevin shredding lettuce to make a salad; when a colleague asked where he got the salad, he replied, "Staples." Stephanie Clifford, "Product Placements Acquire a Life of Their Own on Shows." Nothing subtle about that placement.

Unless the FCC severely clamps down on this practice, it's probably here to stay—unless (or until) such blatant messaging suffers from the problem it's designed to address: advertising clutter. As the number of placements continues to grow, advertisers may discover they've created a monster that's no longer very effective.

Dig Deeper

Seeing real brands pop up in TV dramas, sitcoms, or reality programs is no longer notable—but how about on a news program? The Fox affiliate in Las Vegas made a deal that gets news anchors to sit with cups of McDonald's iced coffee on their desks during the news-and-lifestyle portion of their morning show. Is this a conflict of interest? According to the account supervisor at the ad agency that negotiated the deal, "If there were a story going up, let's say, God forbid, about a McDonald's food illness outbreak or something negative about McDonald's, I would expect that the station would absolutely give us the opportunity to pull our product off set. What do you think—does this form of product placement cross the McLine?"

Advergaming

Product placement is also slowly but surely making its way into videogames. Computer gaming is an \$18 billion business. **Advergaming** brings real-world brands into the game. Many advergaming executions resemble outdoor advertising in the game—game makers sell posters and billboards in the game's virtual world. The advertiser takes advantage of the computer game manufacturer's distribution to get its ads seen. And, because gamers pay upwards of \$50 for the game, they're likely to play it over and over.

The problem with ads in commercial games is that many players are too immersed in the game to notice them. For that reason, advertisers such as Burger King create *purpose-built advergaming*. These types of games use the advertiser's branded mascots,

themes, and venues to make the brand a key element of the game. Purpose-built advergames “let you have complete control over your brand message since you’re the one making the game,” said Darren Herman, the cofounder of IGA Worldwide. “But the biggest problem with advergames is in their distribution. Most companies don’t have the resources of, say, a Burger King, to do that correctly. For every successful advergame—like Burger King’s—there’s a ton of failures, usually due to distribution. How do you get your game out there and who do you get it to?”

Herman raises a valid point, but videogames seem poised to become a distribution platform in their own right. As gaming becomes more of a mainstream activity, we can expect to see more advertising targeted to players. While many media planners still have a stereotype of a typical gamer as a greasy-haired teenager who eats a lot of cold pizza, the reality is that 40 percent of gamers are women, and the average age of game players is thirty-five. And 65 percent of American households play computer and video games.

As the tip of the iceberg, MTV recently announced that the sequel to its popular Rock Band game (Rock Band 2, not surprisingly) will include a track from the first Guns N’ Roses album in more than a decade. As a music industry executive observed about the potential of videogames to sell music products, “These games absolutely have an impact because the opportunity to hear these songs on radio is dwindling. This is becoming an important piece of the marketing puzzle.”

WOM/Viral/Buzz

One new communication model seeks to get consumers and the media talking about the product, brand, or campaign. Rather than pay for every media impression, advertisers influence their customers to work with them to create media impressions. **Word of mouth (WOM)** causes people to share stories about the product, brand, or campaign. Every water cooler conversation about the ad creates an impression.

Viral marketing gives people a reason to recruit their friends and family to the product. For example, friends-and-family cell phone programs give subscribers an incentive (free minutes) to recruit people they know. Viral campaigns challenge agencies to create truly remarkable ads, online games, or Web sites—remarkable enough that people will want to share them with their friends.

Buzz creates newsworthy events—a thirty-second story on the major news networks for an eccentric promotion is worth far more than buying thirty-second ads on those channels. To identify the spark that ignited the fire of buzz marketing, perhaps we need look no further than to *The Blair Witch Project*, a horror movie that was made for \$22,000 and earned \$248 million at the box office. How did this low-budget production pull this off? The answer is the buzz campaign that began long before the film was released. While the story of a group of young people who get massacred in the woods was fiction (sorry to burst the bubble), the producers cleverly perpetuated the idea that the movie was a true documentary. By the time the film actually was released, it had built an avid following.

Some of the veterans of that effort also have pioneered a form of viral marketing the industry calls **alternate reality games**, where fans interact with the company as they try to solve a puzzle. In one of the best-known executions (that these same producers created), carmaker Audi staged a heist of an A3 from Audi’s Park Avenue showroom in New York City. It enticed millions of consumers to solve the mystery. As consumers joined in the chase, they were exposed to the car’s unique features and attributes. The buzz seemed to translate to behavior, too, as sales increased during the three-month campaign.

More recently, some gamers were surprised to discover the unnamed force behind The Lost Ring, an online game with an Olympics theme. The game kicked off when fifty people received packages with an Olympic-themed poster and a clue pointing them to TheLostRing.com Web site. At the site, a video presented scenes of a woman waking up in a field with “Trovu la ringon perditan”—an Esperanto phrase—tattooed on her arm. As players searched for clues to solve the mystery, they eventually discovered that none other than McDonald’s, in partnership with the International Olympic Committee, was behind the game.

Virtual Worlds

The Internet has spawned numerous virtual worlds in which people take the form of **avatars** (digital representations of themselves) as they play, interact, and virtually live in an online space. Some communities, such as Linden Lab’s Second Life, mimic real life with 3-D graphics that give people a chance to live a different identity (or several) online. Many users choose elaborate characters, either fantasy figures or idealized men or women with exaggerated “attributes.”

Numerous companies have set up shop in one or more of these virtual worlds. In some cases (as in advergaming) they simply advertise their product on virtual billboards. For example, billboards in Second Life advertise the Honda Acura RDX. Clicking on the billboard gives the user a virtual copy of the car that they can drive around Second Life and even use in racing games in the

online world. In other (typically more successful) cases the brand becomes part of the world, as when avatars who receive virtual Nikes actually get the ability to run faster in the virtual world.

Currently well over a hundred virtual worlds are operating live or are in development. The research firm Gartner predicts that by the year 2011, over 250 million people will be involved in these immersive digital environments. U.S. firms spent an estimated \$15 million on advertising in virtual worlds in 2006. This figure is expected to reach \$150 million by 2012.

To date, virtual worlds have received a lukewarm reception by advertisers. Some early campaigns fizzled because they failed to generate interest among virtual world inhabitants—simply putting up a billboard just won't do it for most avatars. In other cases, disappointed clients didn't see the kinds of numbers they are used to getting from real-world campaigns that might touch millions of people. This platform is still in its infancy, so many consumers don't even know yet that it exists.

This is a very short-sighted perspective: virtual worlds will most likely continue to mature and evolve into a major media platform over the next five or ten years. Major media companies, including MTV Networks and Disney, continue to invest millions of dollars as they develop their own virtual worlds. Media planners who doubt the staying power of these platforms need look only to the next generation of consumers, who already are logging serious time in their own virtual worlds. Habbo Hotel (based in Finland) targets thirteen- to eighteen-year-olds and boasts over 100 million registered users worldwide and over 8.5 million unique users each month. Gaia Online attracts more than 2 million unique visitors each month; \$300,000 of the members log in for an average of *two hours per day*. You heard it here first: virtual worlds are the future of advertising.

Consumer-Generated Media (CGM)

What if you could get your customers to make your ads for you? In a twist to the old practice of using customer testimonials, companies are giving customers the power and the tools to make their own ads, a phenomenon known as consumer-generated media (CGM). The rise of PC video and image editing tools means that millions have the ability to create content. For example, snack-maker Doritos posted media clips online for consumers to tweak and make a commercial for the product, with the winning commercial being aired during the Super Bowl. The company received over a hundred entries.

Other companies, like McDonald's, found user-created video on YouTube. "The whole idea behind the 'I'm lovin' it' campaign is that it's from the consumers' point of view, and what better way to show that than with these two guys who did their own video? Since our target has a very keen bull** meter...it gives a different perspective on McDonald's, making it seem [less] corporate," said Chris Arnold, creative director for Arnold Worldwide, who handles some McDonald's work in New York and purchased the rights to make the video into a spot for McDonald's.

But what if some ads insult the brand? When Chevy let consumers make ads about its new Chevy Tahoe, some consumers created ads attacking the large SUV's gas-guzzling ways. But Chevy didn't remove the negative submissions, because it showed that the brand could take a good-natured teasing and stay open to customer's opinions. Besides, everyone knows there are trolls on the Internet, so negative content is often ignored. Chevy Tahoe found that despite (or because of) the full range of ads, consumers did visit the site and did visit the car dealers' showrooms in response.

Of course, there are limits to what's acceptable. For example, liquor makers need to promote sensible drinking habits, which homemade videos may not convey. "For the liquor industry, any user content has to meet regulations and standards," said Mike Church, media director for Diageo PLC, which owns brands Smirnoff and Guinness, among others. Procter & Gamble, the nation's largest advertiser, invites viewers to help decide what is acceptable: it set up an option on its main consumer toll-free line in response to a drive from a coalition, dubbed Enough Is Enough, that was urging the company to stop sponsoring hip-hop programs on MTV and BET laced with profanity and scenes the group believes degrade and objectify women. Another option asks callers to weigh in on the story line for its soap opera *As the World Turns*, which includes passionate kisses between daytime TV's only gay couple.

When the inmates take over the asylum, there's bound to be resistance: a lot of advertisers aren't happy about giving up control of their brand messages. According to results of a survey released by Accenture, media and entertainment executives see the ability and eagerness of individuals to create their own content as one of the biggest *threats* to their business. As the saying goes, however, when it comes to CGM, "you're either on the train or under it." Surveys show that in a typical month about half of all online users either create user-generated content (UGC) or read items posted by others. And the phenom is even bigger among youth (but you knew that): three-quarters of users eighteen to twenty-five are reading or writing UGC. Indeed, one survey conducted in late 2007 reported that almost half of millennials (people aged thirteen to twenty-four) agreed with the statement "With all the technology available, I actually consider myself to be a 'broadcaster' of my own media."

Dig Deeper

A new PepsiCo promotion for its Mountain Dew brand illustrates the new perspective on involving consumers as partners in a campaign and taking this initiative into a virtual world. Indeed, the promotion is aptly named “DEWmocracy.” The campaign includes a story-based game that features a live-action short film (directed by actor Forest Whitaker, who also provides a voice-over). At the site players are sent to a virtual world, where they are invited to join one of three teams. A video lays out a vision of a world where corporate profits rule over all; players need to fill a “magic gourd” (i.e., a bottle) to “restore the soul of mankind.” Players move into different chambers, where they select the flavor of their drink, its color and marketing characteristics. The gamers eventually will be given the opportunity to persuade the company to produce their drink in the real world. An executive boasted, “To the best of our knowledge, a brand has never given consumers this much control. We felt that the best way to fully engage consumers would be to give them the power to create a new product.”

Social Media

Virtually everyone who reads this book is well acquainted with **social media**; in fact, you’re using one form of it now, since the book is “open” to users. This term refers to the many new platforms that combine technology with community to allow users to contribute their own content and to react to what other users post. Social media applications will attract over one billion broadband users globally within five years (yes, we said billion).

Some familiar forms of social media include e-mail, IMs, blogs, wikis, and podcasts. Popular applications include Wikipedia, MySpace, LinkedIn, Facebook, and Twitter, with new ones arriving almost daily. Even big companies are moving to the new communication technologies and models. Many major advertisers are shifting their media mix to include social media, especially those that want to speak to young people. For example, Frito-Lay cut its prime-time network ad spend by about 20 percent to \$30.1 million in 2006, as it focused more attention on Internet and viral platforms.

Blogs and Online Reviews

Customer reviews are the most prevalent source of online content. For example, research finds that 81 percent of shoppers who spend more than \$500 online each month use product reviews when they make buying decisions. The authors of reviews are known as **brand advocates**. A senior executive at Yahoo! estimates that 40 percent of the online buying population are advocates, and their communications with other buyers are extremely influential. Yahoo! finds that three-fourths of brand advocates versus one-third of nonadvocates use social media several times a week. When PetCo launched an advertising campaign that incorporates user-generated reviews, the company found that it got a 500 percent increase in its **click-through rate**, that crucial number that tells an online advertiser how many people click on a link to learn more about the advertised product.

Many of these user-generated reviews (warts and all) appear on **blogs** (short for *Web log*). A blog is a Web site an individual maintains, usually with commentary about a specific topic to which others can respond. Increasingly these forums add sophisticated graphics, including video capability, so that video blogging allows individuals to present any kind of visual or written material to the **blogsphere** (the universe of blogs).

How widespread is the practice of blogging? In 2008, over half of all U.S. Internet users read at least one blog per month, and analysts project this number will rise to two-thirds of all users by 2012. Advertising spending is growing to match this increase; in 2008 U.S. spending in blog formats was \$411 million, and this number will grow to \$746 million by 2012.

In addition to the sheer numbers involved, blogs are catching advertisers’ attention because of the diversity of consumers who participate. For example, more than one-third (35 percent) of all women in the United States aged eighteen to seventy-five participate in the blogosphere at least once a week. Three in ten female blog readers said they made a decision to buy a product based on information they found in a blog post—and the same number said they decided *not* to buy something based on a blogger’s thumbs-down recommendation. The director of external relations for P&G baby care affirms this trend saying, “It’s official: Mom bloggers are the new influencers...the company is elevating them to the level of celebrities, mainstream media and health professionals in terms of influencer importance.”

Social Networking

You would have to be living in a deep hole not to be aware of the impact of **social networking** sites, especially the twin powerhouses MySpace and Facebook or more specialized sites like the business networking platform LinkedIn. This term describes online communities of people who share interests, activities, or relationships—and who typically are interested in following the activities of other members.

Despite their huge popularity (who do *you* know who doesn't have either a Facebook or MySpace page?), until recently advertisers struggled to figure out how they could use these platforms to talk to consumers. The sites' owners didn't make this easy, because they tightly controlled access to outside application developers. That stance is changing—MySpace now lets advertisers directly manage their branded profiles on the site. MySpace continues to monitor brand profiles for content. Abbey Klaassen, "MySpace Tool Allows Marketers to Manage Their Own Profiles; Brands Will be Able to Gain a Presence on the Social Network More Efficiently and Keep Creative Control."

Facebook is ramping up its involvement with the advertising community as well. The company signed a deal in 2008 with Microsoft to let it provide Web search services and associated advertisements directly on the site—at least on the American portion of the social network. Microsoft already sells and manages display advertisements on Facebook, but the additional search function could allow the software giant to catch up to Google (which provides search on MySpace) and Yahoo! (which does the same for Bebo) in the search business. More than twenty-nine million people actively use Facebook in the United States; soon they will see Microsoft's Live Search box on Facebook pages.

The Dark Side of Social Media

New media is still a baby in the media world, so there's a lot of trial and error going on out there (as well as some dirty diapers). Although many marketers may have theories about what *should* work, the nature of new media means that these theories largely are untested. Consumer acceptance, response, and cost effectiveness can all be unknown. In some cases advertisers find themselves in uncomfortable territory, such as when their online banner ad inadvertently appears on a pornographic site, a Web page belonging to a hate group, or a blog critical of the advertiser.

Privacy issues, combined with the fact that consumers have only so much free time, also could damp the boom in social networking on the Web. "Nobody has 5,000 real friends," says Tim Hanlon, senior vice president of Denuo Group, a media and advertising consulting firm owned by Publicis. "At the end of the day it just becomes one big cauldron of noise." For marketers, he says, that will mean the sites will be much more effective as a consumer research tool than as a venue to peddle products. Log onto your Facebook page to see what your friends have to say about *that*.

Key Takaway

New media offers the advertiser a chance to be a pioneer and to push the company's brand in new directions. These platforms lets brands stay hip and fresh to reach younger audiences and to create buzz when news outlets cover the innovation. And because the new media are untried, they may be cheaper on a per-impression basis than traditional media. But handle with care.

EXERCISES

1. List and characterize the new media forms. Describe each of the elements of the promotional mix.
2. Explain how online advertising and m-commerce are vital to the success of e-commerce efforts.
3. Explain the concept of product placement and why it is a valuable new media advertising tool.
4. Characterize word-of-mouth (WOM), viral, and buzz marketing.
5. Explain why advertisers are interested in consumer-generated media (CGM).
6. Describe how social media and social networking are impacting advertising media decisions.

This page titled [10.3: New Media](#) is shared under a [CC BY-NC-SA](#) license and was authored, remixed, and/or curated by [Anonymous](#).