



IN THIS ISSUE: ADVERTISING AND MARKETING TRENDS

Attracting the attention of consumers is getting harder across all types of media: print, TV, online, mobile. In poll after poll, large majorities of consumers say they find advertising too frequent, intrusive and annoying. But they're not just ignoring ads and companies' marketing efforts – they are effectively avoiding them.

Consumers are skipping TV ads with DVRs, blocking online ads on their computers and mobile devices, and generally insulating themselves from ads wherever possible.

Seeing as marketing and advertising undergird the infrastructure of media, where is this trend going, and what does it mean for the marketing and advertising industries?

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1 – AD BLOCKING JEOPARDIZES SILICON VALLEY BUSINESS MODEL

From ZeroHedge.com:

Until recently, ad blocking – the biggest threat to every Silicon Valley ad-driven business model – was largely a peripheral concern stemming from such companies as Adblock, which was recently snapped up by a “mystery buyer” while ad-driven quasi-monopolies such as Google pay comparable adblockers to allow their ads through. That however is about to change, as two Chinese-owned European wireless carriers are set to unleash online advertising blocking on their networks.

However, instead of relying on potentially compromised third parties to block bandwidth-hogging ads, the networks will implement the technology within the actual pipe at the network level. The operators, Three UK and Three Italia, are working with Israeli company Shine Technologies and plan eventually to roll out the platform to other wireless providers in their group. ...

Shine's platform prevents online-ad networks such as those operated by Alphabet Inc. from delivering

display and video ads to browsers or apps. Unlike ad-blocking apps downloaded by customers to their devices, it works at the network level.

The CK Hutchison-owned carriers are not the first to take this aggressive step: last year, Jamaica-based wireless operator Digicel Group began working with Shine as the first operator to implement the technology so it could block advertising on its networks in the Caribbean and South Pacific. The carrier criticized online advertising companies, including goliaths like Alphabet and Facebook Inc., for not contributing to the costs of building the networks that deliver their ads.

More importantly, these are not some token networks: Digicel has about 13 million subscribers across the Caribbean, Central America and the South Pacific. Hutchison had more than 30 million customers across Europe as of mid-2015.

To be sure, the biggest “threat” is the Facebook-owned WhatsApp. WhatsApp doesn't provide data on voice calls, but it claims 1 billion users,

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roughly double the number it had when Facebook bought the company. And Skype says it carries in excess of 2 billion minutes of calls per day. ...

In the long run, say some industry analysts, WhatsApp and other alternatives shouldn't be seen as a threat to the voice service of phone companies. For many, however, this is not an option, and instead they are rolling out the nuclear

option: banning the very technology that makes companies like Facebook and Microsoft's Skype profitable in the first place: online ads. ...

The only question is how long until most, if not all, other carriers already threatened by collapsing revenues and rising ad-supported competitors, follow suit and ban ads, that lifeblood of virtually every Silicon Valley revenue model.

2 – SINGLE BIGGEST THREAT IN THE HISTORY OF ADVERTISING

Arjun Kharpal writes at cnbc.com:

Google and Yahoo have accused ad-blocking software Shine of destroying the relationship between advertisers and consumers, after an executive from the company called its solution a "nuclear weapon" threatening the industry.

Ad-blocking software use grew 41% in the 12 months to August 2015 and there are now 198 million active adblock users around the world, according to PageFair. Ad blocking was estimated to cost advertisers \$22 billion last year. ...

In a survey conducted by Adobe of 260 adults, 42% of people said they feel ad blocking improves

the performance of their computer. The survey also found that marketers have not worked out mobile advertising either, with many ads using too much data to load, thereby slowing down a device.

The rise of the blocking software has caused backlash from advertisers and particularly companies like Google and Yahoo, which rely heavily on revenues from advertising.

Ad blocking has gained the support of some major technology giants, however. Last year, Apple announced that Safari on iOS 9 would have ad-blocking capabilities. Meanwhile, Shine has struck key deals with mobile operators.

3 – BLURRING THE LINE BETWEEN ADVERTISING AND CONTENT

Sydney Ember writes at nytimes.com:

For decades, 30-second television commercials were the gold standard, and as online video proliferated, many digital ads were essentially repurposed from TV. But in the last several years, advertisers have become more sophisticated, creating digital ads that were divorced from traditional campaigns and were better suited to the many platforms that have become available, including Facebook, Twitter, YouTube and Snapchat. Now, online ads interrupt nearly everything.

This explosion of online ads, however, has led to

the rising use of ad blockers and turned "advertising" into something of a dirty word. So advertisers and publishers are now looking for ways to make online ads less like ads. Many in the industry are even changing the way they talk about ads. ...

[This signals] a deeper trend in the ad business. As companies seek to remove clutter from their sites while also bolstering their ad revenue, many are turning to so-called branded content, a widely used but vague industry term that generally means ads that look more like things people actually want to read or watch.

- Market and industry analysis
- Strategic business direction
- Growth dynamics

- Trend identification and analysis
- Keynotes and presentations
- Proprietary research and reports

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Many publishers, including *Vice* and *The New York Times*, have formed what are essentially internal agencies that create ads for brands. And many already boast of success, or at least the promise of it. ...

Branded content is not the only technique advertisers are trying. They are also creating emojis, posting on Twitter, creating Instagram videos and dabbling in virtual reality platforms. On the traditional advertising side, some networks are [showing fewer commercials](#) and offering advertisers the opportunity to sponsor programming.

Underpinning all of this rethinking are big

changes in how people are consuming media – and in how advertisers are allocating their money. Consumption habits have become increasingly fragmented, with more people watching programming, including television shows and live sports, on different online platforms. As a result, traditional television, with its 30-second commercials, is losing its commanding share of advertising dollars. Digital media is expected to pass TV as the [biggest advertising category](#) in the United States this year, with roughly \$68 billion in ad sales compared with \$66 billion for TV, according to the Interpublic Group's Magna Global.

4 - WHAT LIES AHEAD FOR MARKETING IN AN INCREASINGLY AD-FREE FUTURE

Jack Neff writes on [crainmail.com](#):

For decades, marketing searched for the “next big thing,” be it branded entertainment, social media, native content or content marketing. But the coming years are likely to boil down to the industry seeking dozens, hundreds or even thousands of little things. ...

In what's long been a primary ad medium, TV, a Deloitte study last year found 55% of viewership is now delayed via DVRs, video-streaming subscriptions or other options. And that number rises to 72% among millennials ages 14 to 25. ...

Here's what lies ahead in an ad-free future:

Avoiding Ad Avoidance

Many marketers are putting more money into media where the ads are harder to avoid. For some, such as GE, that has meant shifting money to sports and other live TV programming.

Content Marketing

“Content marketing” is a term that's overused and under-defined. Basically, however, marketing, advertising and content are all intertwined and

interdependent in the effort to sway consumers to a brand, message or product.

The Search For Cost-Containment

A survey of 300 senior marketers across industries last year by Percolate found 40% of advertising budgets and 20% of overall marketing budgets are devoted to creative costs. That share is growing, even if marketers think it's too high already. ...

Taking The Bore Out Of The Store

Even if people avoid the ads, they still have to buy stuff. So reaching them in stores, and finding ways to make them come into stores rather than order online, has become more important.

The New Grocery Shelf: Amazon

The shift of sales for all kinds of goods to e-commerce inevitably leads to fewer shopping trips, so even the most enticing in-store display reaches fewer people. And this year could be an inflection point for grocery e-commerce: 26% of online shoppers expect to buy groceries online in 2016, up from only 8% who said they planned to do so a year ago.

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“Native Advertising For E-Commerce”

P&G, the biggest ad spender in the US and globally, is known for its acronyms, and one of its hottest these days is “POME” – for “point of market entry.” It might seem like a complicated way of saying “sampling,” but the gist is to find those times when people are most likely to make brand decisions and give them samples of your product at that moment.

5 - THE AD AGENCY OF THE FUTURE

Alexandra Bruell writes at adage.com:

“Game of Thrones” is an apt metaphor for how agencies are gearing up for an ad future when clients go to market in new ways and seek radically different support from agency groups. At the same time, those agencies are defending against a never-ending march of marketing services providers aiming to advance on their turf.

Historically, the business was straightforward. Marketers hired agencies to create 30-second spots, place them on TV and in magazines, and create and send direct mail to addresses stored in massive databases. But clients’ needs have changed.

They must manage marketing across devices and serve customized ads to specific audiences based on real-time analysis of constantly changing data. That data must inform creative, CRM and media buying strategies tied to new commerce and brand experiences. At the nexus of this confusing and continually evolving mashup of business operations and marketing are clients, who need a partner to help them stave off their own impending winter.

The question is, who will be that partner?

Ad Age sought opinions from dozens of people on the subject. Here are some of their predictions:

The great rebundling

More agencies will rebundle capabilities such as creative and media, influencers and digital and production and shopper marketing for individual

Rethinking Product Packaging To Generate Loyalty

Coke’s customized “Share a Coke” label with people’s names on the bottle, one of the brand’s most successful promotions ever, is perhaps the best example of customizing packaging to get closer to consumers. But technological advances hold promise for much more.

brand needs. There will be dedicated client teams and a greater degree of open-sourcing of talent and capability. Agencies will be built around clients and consumers, not brands or channels like TV or digital.

Both big and small

For some clients, that might mean a more creatively oriented lead agency that brings in integrated shops more focused on CRM and media.

New competition

As clients demand newly bundled support across commerce, digital content and media distribution, agencies are morphing to meet the challenge, investing in media, consulting and tech capabilities. At the same time, opportunistic non-agency players are inching their way into the marketing-services arena.

The media is coming

Media companies are also investing in content-creation services for brands that buy ads on their own media platforms, as well as on other sites. Many publishing houses have also been building out capabilities that mirror those of the traditional services shops.

Tech players

Marketing tech companies that help marketers manage data, loyalty and CRM programs already support the business plans that come before marketing, so it’s a natural upsell to clients and another threat to agencies.