

## Deloitte 2012 media predictions

The 'catch up commuter' who uses smartphones, tablet computers and portable media players will become a force in the competitive 2012 electronics market, predicts Deloitte.



In fact, Mark Casey, Deloitte leader of technology, media and telecommunications (TMT) in southern Africa, says, "If you take more smartphones, tablet computers and portable media players, add a dash of broadband, mix in some tailored content for smaller screens and you have one potent media mix."

Globally, smartphone and tablet owners will watch five billion hours of catch-up television content on their devices while on public transport in 2012, as the age of the "catch-up commuter" starts to take off.

One of the major events for the future, he predicts, will be the commuter who will spend time on commercial flights using Wi-Fi-powered tablet devices on aircraft instead of the traditional "cumbersome and expensive in-flight systems."

There are, however, technological challenges related to recording content onto phones and televisions and the legality of doing so it not always clear.

However, the surge in tablet and smartphones sale - with 500 million expected to be in people's hands by the end of the year - will drive the market.

He adds, the new potent media mix will not be a threat to television but will, rather, have a favourable impact on viewership figures and viewing time, as the 'catch up commuter' represents an opportunity to content producers as it means people will watch more television. However, it represents a threat to the publishers of free newspapers and portable video games consoles.

"All this is great news for advertisers as they relish the opportunities stemming from continuously evolving consumer channels, growing consumer bases and increasingly savvy consumers."

Turning to other TMT events that will shape the TMT market locally and globally, Casey said these will include:

### Targeted television advertisements miss the target

The technology to deliver targeted advertising, marketing served specifically to a specific TV set or computer based on contextual data such as income or age, is improving all the time. However, this advertising will account for less than a tenth of one percent of the US\$227 billion total global television advertising market in 2012, as the investment required to develop such specific campaigns remains prohibitive.

Even developing targeted advertising for video-on-demand programming, the most fertile ground for such campaigns, is problematic given total viewing volumes are relatively small.

Television advertising should be blended more closely with online advertising and mapping an individual's viewing to his or her searches in an effort to quantify a TV campaign's ability to influence people's interests and purchases.

### The schedule still dominates

95% percent of all television programmes watched in 2012 will be live or within a day of the original broadcast. Technology has not shattered the TV schedule which has remained surprisingly powerful.

Even the advent of social networks has enhanced, rather than diminished, the schedule's appeal as commentary on programmes has expanded from the living room to a community. This may be because we are hard-wired to prefer routine.

Choice is cherished but choosing is a chore. Conventional broadcasters need to build on this power and show advertisers the advantages of the schedule and building campaigns within the context of a schedule.

## **A "brand" new day for online ads**

Advertising will expand across the board in 2012, but growth in the online branding segment should outpace the traditional and online markets.

While the overall advertising sector will grow 5 %, online branding will expand 50% to US\$20 billion as more companies look to digital to build the long-term value for their brands.

More sophisticated methods for measuring the success of online branding campaigns - such as Real Time Bidding which allows companies to specify exactly where and in what context their ads will appear - have transformed digital marketing campaigns from their humble beginnings of banner ads. Advertisers have also increasingly turned their efforts to tailoring adverts specifically for the online world via videos and social media campaigns. Companies will need to develop new skills as the prominence of digital branding increases.

## **Market research is all in your head: MRI machines and media**

The advertising industry will have 'brains on the brain' in 2012 as the use of functional Magnetic Resonance Imaging (fMRI) machines grows in influence.

Similar to larger, more expensive, MRI machines used in the medical sector, fMRI analysis can show that activity in certain regions of the brain correlates with specific emotions and types of thinking.

This controversial technique, known as 'neuromarketing', is already gaining traction with food companies, seeing changes in packaging and even the flavour of products as a result of this technique.

The method has also been used to determine that people that are very active on social networks have more well-developed brain regions associated with sociability. It appears likely that fMRI will become a key tool for advertisers in 2012, but it is likely to work best as part of a package alongside more traditional marketing techniques. Companies are well advised to explore this new window on the human brain but also to remember that it may be a pretty foggy window.

## **Extracting the premium from social games**

With the growth of social networks and the popularity of social gaming taking off in 2010 and 2011, the financial potential of 'social gaming' has been drawn to the public's attention.

However, companies need to evolve away from the 'freemium' model that has propelled them into the spotlight to take a greater portion of the US\$63 billion global games market from 2% this year. Growth is already slowing for some developers while the overall community of social gamers has stuttered over the past two years.

Growth in revenue across the sub-sector will slow to less than 20% in 2012. This may force the hand of games developers to focus less on selling virtual goods over social networks and to consider the potential of advertising or charging for games upfront. In this way it needs to adopt the business model of the more traditional console gaming industry and look to develop franchises.

## **Online coupon intermediaries: from novelty, to celebrity, to sizable niche**

The online coupon sector has evolved rapidly from novelty to celebrity over the course of 2011, but 2012 is the year that it is likely to settle into a small niche, albeit one that generates billions of dollars in revenue.

The sector's rapid evolution means that hundreds of companies will disappear during 2012 as competition continues to intensify and margins decline. The number of people using online vouchers should also decline moderately. Intermediaries that sit between the consumer and the retailer will continue to generate billions of dollars but will need to increase the quality and variety of offers available.

They may also need to accept lower commissions on sales of coupons, which can be as high as 50%, to entice more retailers to consider using their services as well as shifting their focus from discount size to value, utility or even rarity to change the perception of the service they offer.

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