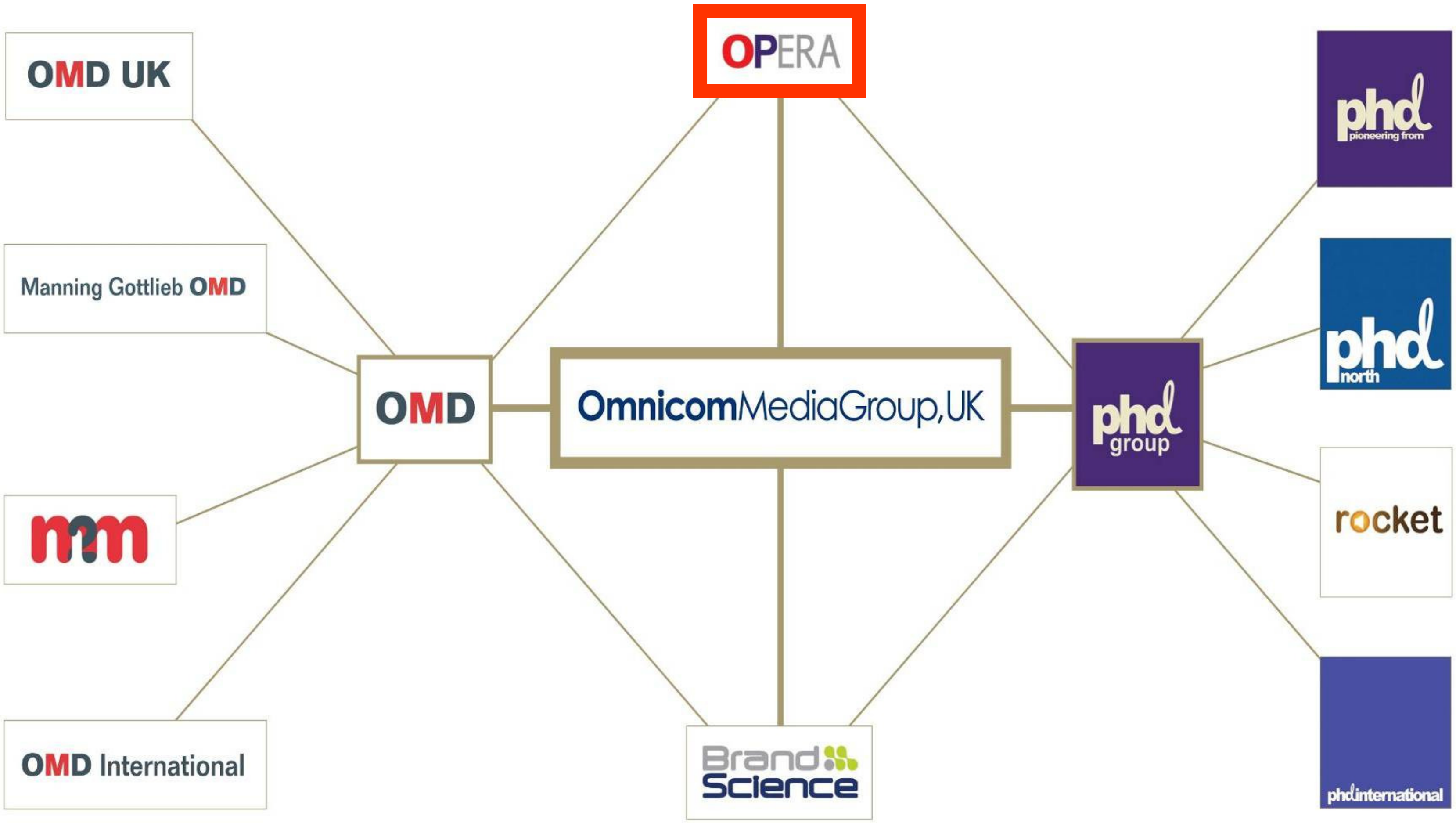
OPERA

The Future of ‘Converged’ and On-Demand Television
A media agency view

Neil Mortensen, Research Director, Opera Media (Omnicom)

Tuesday July 7, 2009 at London Business School

OPera’s positioning within Omnicom Media Group, UK



OPERA

A scenario

Convergence in media usage may ultimately reduce TV's long term brand building power, with a resulting shrinkage in display advertising and ultimately a reduction our advertiser's effectiveness

How?

- Other mediums delivering less effective audio visual advertising
- Converging media usage measured solely on clicks

Digital platform progress - share of audio visual potential

	Mobile	TV	Internet	Radio	OOH	Cinema	Press
Current % Pen	**94.0**	**92.1%**	**73.0%**	**29.7%**	**9.5%**	**8.7%**	**-**
Audio Visual Potential							

Other screens available to us

Airports	Gyms	City Centre
Roadside	Cinemas	High Street/Shop Interior
Train/Tram Interiors	Theme parks	**Supermarkets/Convenience Stores**
Underground Stations	Concerts and Events	Universities
Taxi Interiors	Sports Stadiums	Travel Agents
Rail Stations	Leisure and Retail Complex	Off License
Doctors Surgeries	Shopping Malls	Sub Postmasters
Dentists	Bars and Clubs	Wearable Screens
Hospitals	Hair Salons	Desktop

OPERA

We are changing our shape to prepare for the future

- Things may be small now but they are not insignificant
- We need to be ready for change
- Restructuring around digital consumers and not single disciplines.
- Share best practices
- Serves our clients needs
- Can lead to more innovative solutions
- Reflects changes in our media sales points

Substitutability?

- Could be perceived as a direct substitution to television
- Environment for effectiveness and the long term health of a brand.
- TV still remains the best place to deliver brand messages and long term return on investment for advertising.
- Movement in share of audio visual has the potential to reduce brand building power

Where is digital measurement

BMWG

BARB
BROADCASTERS' AUDIENCE RESEARCH BOARD LTD

Ad Server

TouchPoints

TGI

ABC

ABC ELECTRONIC

Nielsen//NetRatings

comScore

NRS

JICWEBS

Media Owner Data

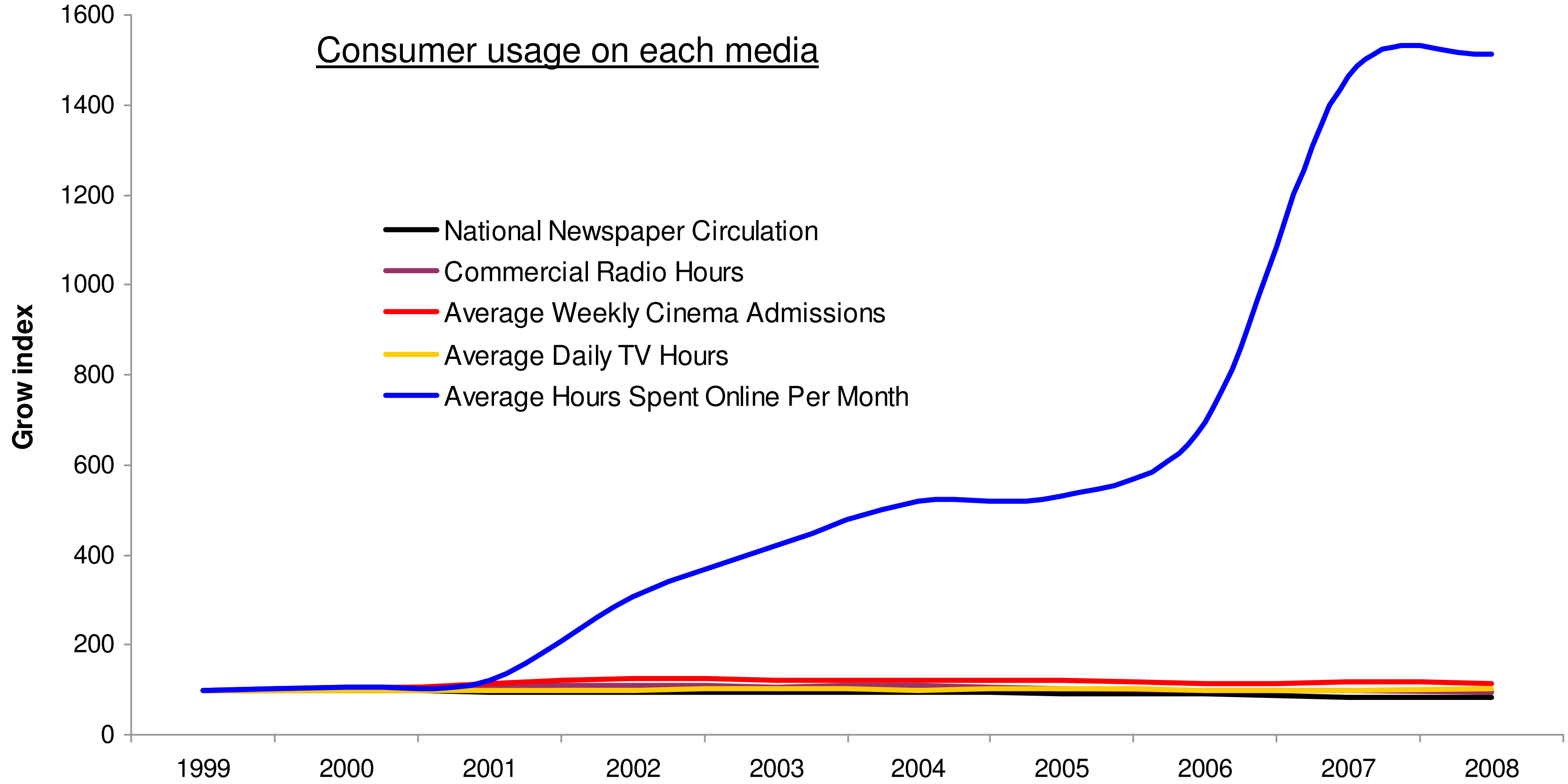
hitwise
An Experian company

RAJAR
Radio Joint Audience Research Limited

UKOM
UK Online Measurement Company

The internet has delivered a huge burst in audience activity

Most main media have not grown their usage levels significantly over the last ten years

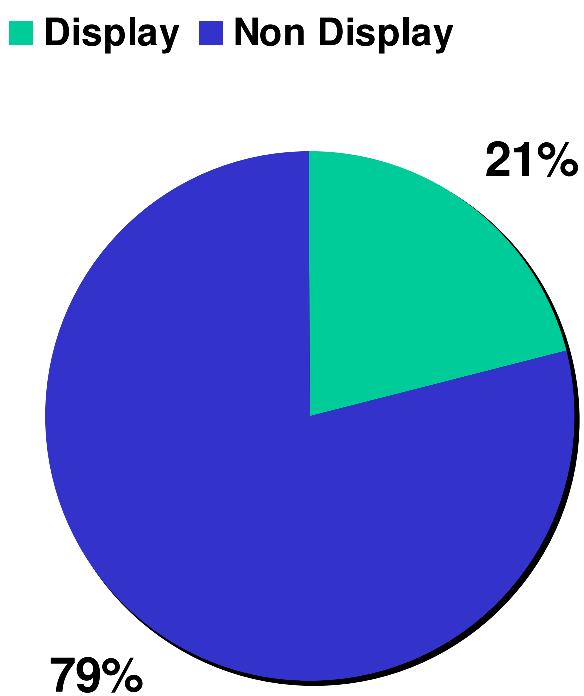


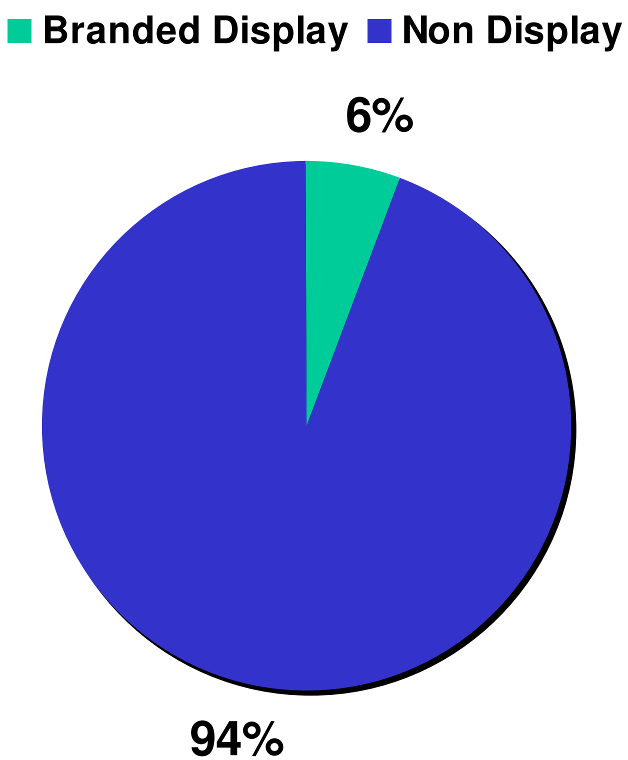
Source: BARB, RAJAR, CAA, ABC, Nielsen NetView

OPERA

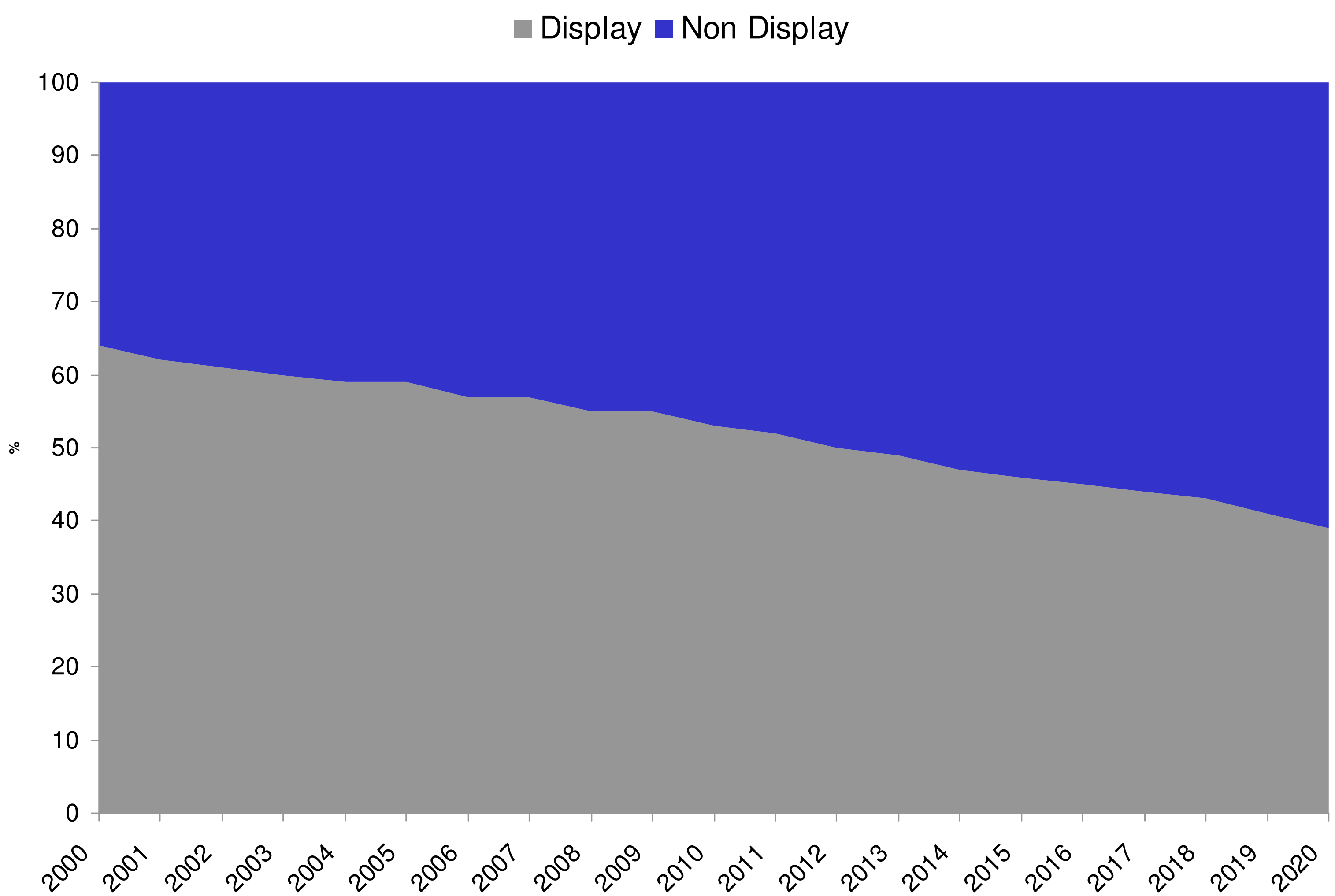
Actual branding on the Internet

% of total online spends 2008





Internet drives direct response



Source: Opera, Current Prices Other = Classified, Search, Direct Response Internet etc.

OPERA

The danger is VOD turning into direct response

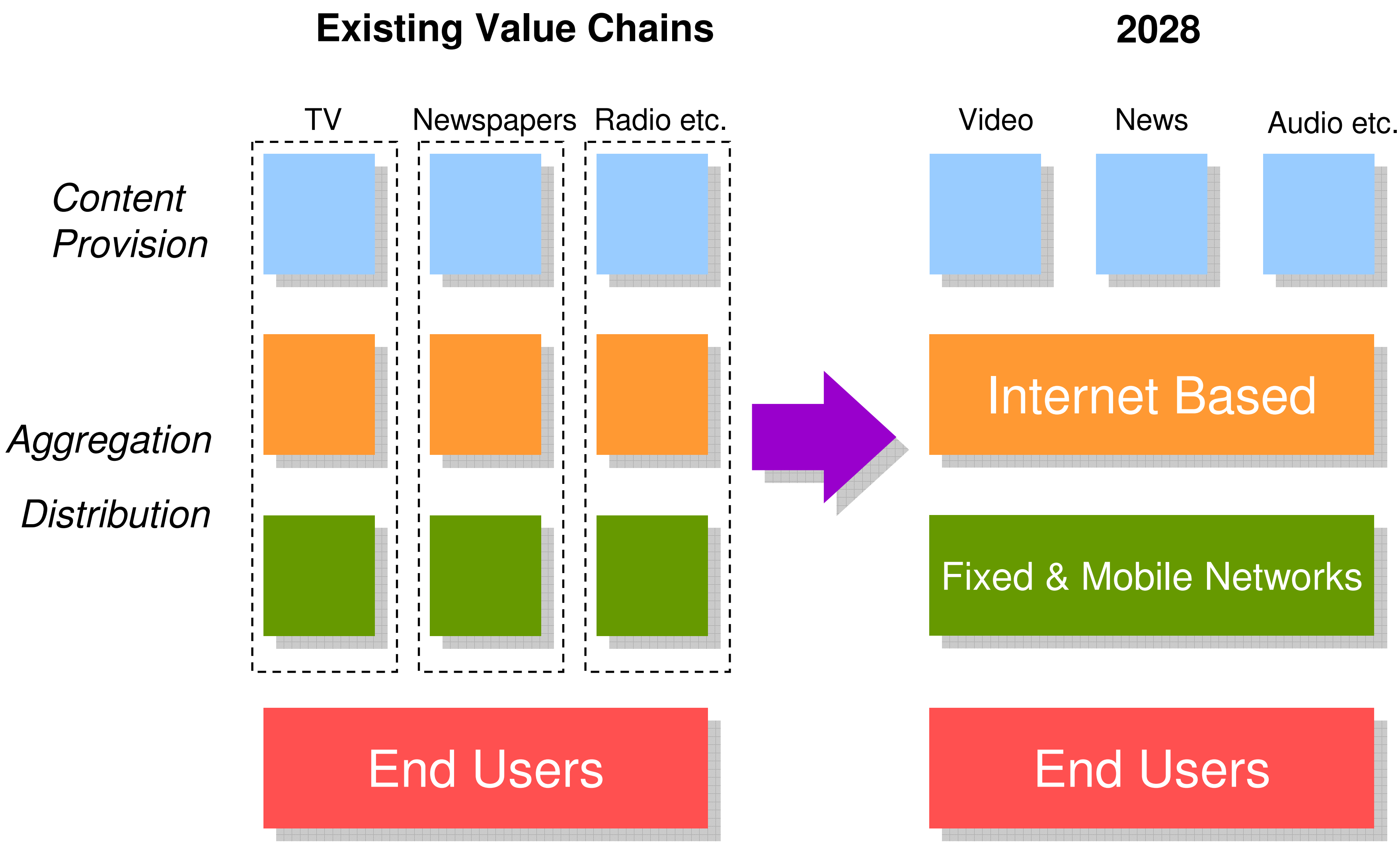
- Greater chance for VOD advertising to get drawn into the direct response net.
- Higher click through rates around broadcaster's content.
- Balance between the direct response power of the internet and the security of a brands long term futures.
- The direct response drug can be difficult for a brand to wean itself off.
- Click based measurement democratises the market
- Best algorithm wins and not the environment.

The danger for brand building

- TV needs to own the relationship between medium and consumer through the accurate measurement of converging audience data
- BARB comprehensive research and development programme
- TV is the heart of branding on the media landscape - halo effect
- Micro measurement on the Internet will deliver fantastic short term ROI
- Decisions on advertising could become cost based on the Internet and not brand based
- The more TV eyeballs that are allowed to be traded in a cost per click fashion the less of a powerful branding effect the TV will have.

OPERA

Digital Britain forecasts the Internet delivering everything by 2028



Source : Digital Britain - Change in the Value Chains for the delivery of Entertainment Services

A possible future for television and display advertising

- Will a payment by results model drive TV's future?
- Will the drive for efficiencies in TV advertising through Internet driven measurement tools significantly reduce the size of the TV market by 2028?
- Will the other media in the market begin to take a share of the audio visual future?
- We have to ask ourselves about when is display actually display and when is "perceived" wastage actually wastage in advertising.
- Address "short-termism".
- The good news is that TV ahead

Try not to make everything a click away

OPERA

Questions…

Neil Mortensen
Research Director
OPERA
Fitzroy House | 11 Chenies Street | London | WC1E 7EY | UK
+44 (0)203 037 7018 | +44 (0)7887 708235 | nmortensen@operamedia.net

OPERA