



through the looking glass:

HUMPTY DUMPTY MEDIA

by rob brazell . 01.06

Traditional media had a great fall. None of the king's horses and none of the king's men, and certainly not the old media regime, will be able to put the media together again.

They were falling apart even before they fell. The turn of the economic wheel that sent traditional media tumbling is part of the economic circle of life. New technologies rise, and old technologies fall. Ingenuity and innovation lead to new efficiencies and new wealth. Progress happens. Traditional media cannot cheat the law of the marketplace. No one rushed in to revive the gramophone when hi-fi brought stereo sound into the living room, nor were cassette tapes put on life support with the advent of compact disks. VHS is now officially "obsolete." Who would have believed that just ten years ago?

Old friction ridden models of moving ideas from the minds of creators to the minds of consumers have compressed. People can communicate with one another or find what they are looking for with the click of a mouse. Ideas move about, passing through human cerebral process as each of us takes opportunity to uniquely shape others' thoughts. These memes are birthed and then freely given for adoption in cyberspace. They are momentarily taken, embraced, morphed, then released in near real time; placed back into universal circulation. Thus, the world of content is growing at exponential and geometric rates. Entertainment is just one form of idea that has

been sucked into the giant, living, human centered, information processing machine.

We are technology mercenaries by nature or perhaps just capitalist consumers. Either way, the result is the same. We abandon the less effective, less convenient, and the less efficient and we adopt the replacements; the evolved ideas, that make our lives better and easier. Whitney's cotton gin allowed farmers to separate lint from seed far more efficiently than the old rolling gin. The innovation benefited almost everybody—farmers, suppliers and consumers. The only wounded were the manufacturers of the old technology and displaced workers. The same can be said for millions of technology advances through each of the previous economies. What is happening to media is not an anomaly; it is a natural, byproduct within a free market cycle. No one attempted to put the horse and buggy "back together again" when the automobile rolled down the road. Consumers could travel faster and farther. Today consumers can travel faster and farther with new media, and neither they nor content creators will allocate resource to patch up traditional media, especially network television, print, and radio, and set them back up on Humpty's wall. There is no incentive. Ultimately we are

time mongers with voracious appetites for economies that allow us to trade up.

Television is simply an idea that became an invention. The displays/screens, production and content distribution technologies have been improved upon again and again leading us down a path and ultimately to a destination of consumer choice and viewing control. What goes through the content distribution pipes and to the screen is also the embodiment of individual ideas that become what we call programs. Programs were broadcast, people watched, and advertisers bartered for viewing time by interspersing advertisements between or, as part of, the programs. For a long time, this old media model was simply the best way for humans to consume entertainment ideas and for advertisers to influence potential buyers of their products. Old advertising models that piggybacked these old content distribution structures are no longer effective. Media and advertising as we have known them are evaporating; they are going away.

According to Marshall McLuhan, "the medium is the message." But what, exactly, is the message? Looking back at the old media, the message was "media is master." In other words, the various mediums shape our perceptions of the world, and thus af-

fect how we act in the world. Look, for example, at how television, the overmastering medium of the last age, has controlled our lives. Not the content, but the structure of the medium.

According to McLuhan, TV was a “cool” medium. It invited us to fill in the picture. This extension of our perception at first glance might seem to empower the viewer. But the power is virtual, not real. The reality is that television turned people into passive couch potatoes. Our desires were played out for us within the world of the idiot box, not in the real world. Television was therefore the perfect medium for advertising, playing out fantasies that the viewer seeks to replicate through the purchase of a particular product. The passive viewer was mastered by the medium. (About the time McLuhan was writing about the power of television, experts were predicting people would never spend much time in front of the television!)

But the new media have turned things upside down. The old media mastered us; we are now in a position to be masters of the media. Video iPod, satellite radio, DVD, TiVo, video cell phones; these are the new cool. You’re cool if you have one and they are just plain fun and convenient to hold, demonstrate, and use. In purely economic terms these new media provide superior distribution for content creators (supply) and content consumers (demand). Thus, this new media distribution is shoving aside conventional media distribution like the color television replaced the black-and-white technology. Even the “once cool” television remote, with channel changing and mut-

Over the last 100 years, 80% of the workforce left the farm. Now just 2% of the total population produces 100 times the crops of 100 years ago. Wheat is still wheat, and corn is still corn, but a farmer from 100 years ago would hardly recognize the agricultural technology of today.

A more recent example is printing. Over the past 40 years new technologies have yielded 1000 times the print output at a fraction the cost. Some predict that non-digital printing will become obsolete, like the horse driven plow and the Gutenberg press. Desktop publishing has revolutionized production and consumption of information and ideas, providing more access, convenience, and choice, all at a much cheaper cost. An incalculable number of people now produce, publish, and distribute their ideas and millions more consume ideas at a fraction of the old cost.

A massive macroeconomic shift is occurring, and most of us are not fully conscious of it. But this shift can be discerned in everyday events. For instance, not long ago I was chatting with a driver in New York, a man who had recently retired from the hotel consulting business. To hear him tell it, the digital revolution had passed him by. He described himself as being “technology illiterate,” but in the next breath he told me he got his news and weather every morning on his PC at home. The next day, I was walking out of my gym and noticed a new sign prevalently placed at the exit. It read; PLEASE DON'T FORGET YOUR iPod.” These are not anomalies, nor are they passing fads. I'll give you a telling example of the value, as well as the iconic

- As eBay has become a household word, classified advertising has crumbled.

- As on-line dating and communities continue to permeate the market, classified personal ads have all but disappeared.

- 22 million iPods were sold through June '05

- 14 million video iPods were sold in three months ending the fourth quarter of 2005, which adds up to more than 100 units every minute.

- One in three cars in America will be equipped with iPod adapters by the end of 2006

- Even as prime-time ratings fell by 41.5% from 1977 to 2003, network TV's advertising revenues rose nearly fivefold

- TiVo sales stand around 14 million units sold

- Over 100 billion TiVo transactions have been executed

- At least one in five homes will have DRRs this year and one in three homes will have DVRs in 2008

Some assert that with the advent of new media technologies, the mass market has vanished. The mass market hasn't vanished, but much of the access to it has. The mass audience has fragmented because

New technology has historically driven economic waves of boom and bust. New technology drives out old technology, not only improving products and services, but also delivering them faster and cheaper.

ing; has had a dramatic effect on media. As masters of these new media, we can reclaim our time, assert our true values, and live the lives we want. As Humpty Dumpty explained to Alice in *Through the Looking-Glass*, “The question is; which is to be master—that's all.”

NEW MEDIA IN A NEW MARKET

New technology has historically driven economic waves of boom and bust. New technology drives out old technology, not only improving products and services, but also delivering them faster and cheaper. Farming represents one such macro shift.

nature of the iPod: Not that long ago, someone broke in to my friend's daughter's car and snatched an iPod out of the pocket of an expensive jacket, leaving behind not just the jacket but a CD case and the car stereo. The thief was clearly “technology literate.”

If we're looking beyond anecdotes, empirical evidence is abundant:

- Newspaper circulation has dropped 50% in twenty years. It declined nearly 2% during a six-month period in 2005.

- In the last 25 years, the audience for network television news has dropped 44%. In 1980, the year CNN was launched, 75% of television sets were tuned to one of three nightly network newscasts. In 2003 the number was 40%. Today, it is less.

of the enormous proliferation of consumer entertainment choice. The mass audience is diluted because of the proliferation of consumer viewing and listening controls. Humans are consuming entertainment and information differently.

New media destinations have emerged as have new targeted audiences. Some destinations that see themselves as media destinations are not. Some destinations that do not see themselves as media destinations are. Some captive audiences are willing media and advertising consumers; others are not. Few Internet propositions are also media destinations; fast food restaurants could be. The home is no longer the best place to message consumers with advertising; Internet search, and retail destinations are. Content will have to be reinvented, driven

by research, to address each media value proposition. Advertisers must find and then message consumers differently. Advertising at home, on-line, and at the point-of-sale will require strategic and creative thought that is relevant to the situational character of each. In other words, advertising content and purpose must be created from existing brand DNA but with new execution specific to the consumer and the environment in which the message is being deployed. More specifically; old thirty second television spot advertising attempted on-line or at retail will

crumbling. Content will be paid for and consumed, commercial free when, where, and how we want it. Advertising, as we refer to it, will take on new purpose and appearance as it adapts to specific environments and targets. This new form of advertising will be welcomed only during a search process, at point-of-purchase, or within a relevant captive audience network location. The ROI measures of the Internet and retail media will replace the old R U there? metrics of conventional programming. Sample-and-project measurement methodologies are

ming does not address the affect of DVR or the shift to paid content downloading.

Consumer and message targeting and correlation to sales have always been the elusive objective for advertising. New technology yields both new control for the consumer and new targeting control for advertisers. Economically, it is as it should be.

Entertainment companies claiming to rule the media kingdom with content should conduct a census count of their consumers, many of whom have already emigrated to the new digital democracy. New unregu-

Consumer and message targeting has always been the elusive objective for advertising. The traditional dynamic of the market will increasingly come into play as the consumer, not the media, becomes the master.

at best be ignored by a potential buyer and at worst, anger her.

Consumers now live by new rules. We no longer welcome door-to-door salesmen. We don't want to hear a telemarketer's pitch during dinner. We don't like irrelevant commercials. And we don't like gratuitous distractions while we are searching on the Internet or shopping. Advertisers will now have to come to us consumers on our own terms. Advertising has become an "invitation only" party. If this new boundary is respected, we will be far more willing to welcome trusted advisors into our homes and lives than we were to open the door to pushy pitchmen. We want relevant information and knowledgeable assistance to help us navigate the ever increasing amount of choices and information. The new consumer rules of engagement are not rocket science, just the accepted realities of the new retail science.

In the end you bet either on people avoiding unwanted advertising and reallocating saved time or, you bet against history, human intelligence, and the value of the individual. Arguing for continued human ignorance and the free exchange of time is a bad bet. The media dam has already burst. Some people will run around looking for leaks to plug with their fingers. There will be others standing around with clipboards and calculators trying to express the precise moment that the entire wall will collapse and flood the town below. Whether the calculations yield a time frame of two years or five years makes little difference to anyone except owners of the dying technologies and their recalcitrant users. The rest of us will have moved on. We have passed the tipping point. The architecture of traditional media—print, radio, and television—is

losing ground to empirical and verifiable investigation. Conventional measurement technologies are less descriptive of actual market conditions than ever before. Gratefully, media measurement is addressing some of the real problems. The closer the old methodologies get to the numbers, the more they reveal that people aren't watching or listening to advertising. Finally, advertising pricing will see related transition from CPM (cost per thousand) rates to market share rates as point-of-sale science learns to optimize advertising communication. Predicting eyeballs will give way to measuring actual sales. Projecting impression opportunities has always been a weak proxy for correlating messages to market share.

In 2006, manufacturers will spend \$500 billion marketing their products in the US. Approximately \$275 billion of that will be spent on "advertising." Ninety percent of the \$275 billion will go not only to the usual suspects—network television, radio, print, outdoor billboards—but also to the new measured media; the Internet, cinema, and retail. Over the next five years, a large percentage of the \$275 billion will shift from television, radio, and print advertising to other media, as advertisers search for a measurable and targeted audience as well as accountable execution.

As media conglomerates continue to focus on their balance sheets, they fail to see what's happening on the competitive media racetrack. New technologies are sneaking up on them, blowing past them, and leaving them in the dust. The big conglomerates were banking on the bloodlines in their media stables. The best of the old technology can't compete with the most rudimentary new technology. For instance, HD program-

lated content will move almost frictionless from the minds of creators to the minds of consumers through portable and convenient production and play devices. Big and bulky, rigidly structured and overly scheduled, the old content and distribution model is in the process of being dethroned.

Conventional media is simply an inefficient, friction filled, expensive way to move content around, within a new, more demanding economic model that recognizes fair value for time. The consumer's time is worth more than the commercial value attributed to it by advertising rates today. If I can find a way to skip one hour of television commercials per day, I will reallocate the hour for more work, entertainment, exercise, or rest. I might even use the time to hang out with the family or talk to friends! The traditional dynamic of the market will increasingly come into play as the consumer, not the media, becomes the master. Free to choose when and where to access content, the consumer will demand better information, better stories, and better music.

A friend of mine recently suggested; "American Idol has proven that TV is still a powerful tool." My argument is not that television is not a powerful tool. My argument is that television is a much less powerful tool than the new tools that will dominate television in the battles for market share. I also argue that when American Idol or any good content (TV content is simply an idea embodied in electrons) finds better distribution (makes the creators more money), it will. Also, American Idol, like sporting events, is time sensitive and represents a category of "real time programming," that also invites audience interaction. In fact,

audience interaction is a new, differentiating, integral ingredient of some new media.

Televisions are not going away; displays are getting better and cheaper. Let's not confuse the television screen with television media distribution. The television itself will not become obsolete; rather, the traditional method of pushing content to the screen will become obsolete, and the old habits of consumption will die. A variety of personal media devices now available are easing traditional consumption models out of the picture. Households have more televisions than ever before. For that matter we have televisions (monitors or displays) in our cars, in our laps, and in our pockets. The argument should be how fast will what we call content will make its way with less friction from the minds of creators to the minds of consumers through the gating factor of time. Anyone or anything that attempts to stand in the way of this economic pressure will be obliterated, dismissed, and forgotten. Television is not going away, but the existing bulky, inefficient, bottlenecked, distribution of content is.

Recently the Carmel group estimated that at least one third of households will have DVRs by 2008. In theory this means that 71 million households will still have an advertising supported viewing model in the home. Again, this is not the appropriate argument. The bigger argument is still about how many consumers will pay attention to and ultimately purchase because of traditional advertising. The proliferation of new media has not only changed the way we consume entertainment, information, and

I am not making. More important is to contemplate; what other methods of consumer messaging might be more effective in terms of delivering sales and market share? I'm arguing that the Sherman tank might be an effective battle machine, but; those with laser guided missiles will slay more market share dragons. So, the arguments we should address are first, changes in behavior to advertising and second, the alternatives to traditional advertising and their potential affect on market share.

THE LONG GOOD-BYE

Traditional broadcast radio is dying and print media is joined to radio's hip. Just as desktop publishing eyes the typeset press as a deceased ancestor, iPod, satellite radio, and CD technology will view radio towers as monuments in the technology graveyard. While television is evolving and transitioning into new hybrid models, radio seems to be staring obsolescence in the face. Again, I don't suggest that the radio device will go away tomorrow. But, it appears that radio advertising messaging is overwhelmingly challenged. Even if radio could be "Googleized" by compressing the advertising distribution and theoretically creating greater demand through increased access, the best content talent will go elsewhere. Even as radio goes digital, personalized content will dominate.

In my first CEO role in 1991, one of our portfolio companies was a media strategic planning firm. A change in management found me handling the strategic planning

same process and measures are in effect today. It always astonished me that every station had access to the same music, virtually the same traffic and news reports, and even one giveaway gimmick or another. Much of strategic discussion bandwidth always centered on the unique talent that a station had and how to keep him or her from jumping for more money. Today, most listeners find anything other than music or news clutter.

A recent Arbitron study revealed interesting data on what's happening in radio today. A group of radio listeners were equipped with Portable People Meters, which are beeper-sized devices that register a unique inaudible tone embedded in radio transmissions. The tone is emitted every eight seconds, thus measuring actual listening time rather than the amount of time reported by the participants. Each night the devices were placed into a cradle at the participants' homes and the information was automatically downloaded to a central database.

The results? It turns out the participants switched stations twice as often as they had reported, and listened to the stations half as long as they had reported. This provides a picture of how fragmented the listening audience truly is. Additionally, the study measured radio broadcasting in retail stores for the first time. Messaging at the actual point-of-purchase represents a very targeted and relevant media distribution point. Perhaps traditional radio listeners have adopted the impatient habits fostered by newer technologies. Still, the bigger question remains; will people listening to radio also listen to the commercials. To advertisers, if no one is in

Traditional broadcast media is dying. Seinfeld will be back. Friends will be back. But we won't see them on the old networks.

advertising, it has changed the way we perceive, think, and interact with media that deliver the same. We have advertising supported television in our home. We also have cable television. We purchased the last four seasons of "24" on DVD. We are the owners of seven seasons of Friends. Who really cares? We don't watch commercials! We mute, or change channels between commercials, or make a phone call, or text message, or run to the restroom, or go fix food. We figured it out; we don't have to watch commercials and we like it better now. Why do we avoid advertising? The smart-ass answer is, because we can. The technical answer is, because by utilizing new technology we can reallocate our time and make our lives better.

Traditional advertising will still have some effect. Again, this is another argument

for five of our most important media clients. These included five of the largest radio broadcasting stations in the country including the New York, Chicago, Los Angeles, and Dallas markets. I remember marveling at how little strategy addressed consumers proper. Each radio broadcaster focused on being familiar to as many listeners as possible in order to influence diary participant's recollection. In each market a ratings service polled a selected panel and asked them to recall which radio stations they listened to, how often, and for how long. These samples were then projected to reflect a representative projection of radio listening within the market. These numbers were then published and each station was rated number one through last place in terms of audience reach. Those stations with the largest reach garnered the highest advertising rates. The

the forest listening, it doesn't matter if a tree makes a sound when it falls.

Consumers already have the proverbial better mousetrap to get the news or listen to music. I no longer have a radio in my home, but once upon a time I used to listen to the radio when I was in my car. Today I'm more likely to listen to satellite radio, punch in the CD, or plug in the iPod.

Television faces similar challenges. The technology affecting its place—TiVo, Video-on-Demand, DVR, DVD, Cable television, portable video players, and video iPod—give viewers more choices and more control. The viewer has a better mousetrap; it not only catches content, but also lets the viewer choose when and where to see it. Just as important, content creators have a better mousetrap that provides low cost production and targeted and efficient distribution.

Network television, with its restricted menu and omnipresent commercials is a two-time loser. Again, the value of consumer time against advertising commercial consumption is too high. Broadcast television will find ways to coexist within a new family of media distribution. Last month NBC's "The Office" was the most downloaded video on iTunes. However, television's new family role is as a cousin not the patriarch. Paid content will continue to amass on one side leaving search, retail media, and narrow cast audiences to create new targeted advertising destinations on the other.

Network attempts to recapture the market with new content are ill fated. Consumers will increasingly watch video at their own discretion, downloading a show to watch at a time of their choosing. More important, in a frictionless idea distribution model, the best content will go to the highest bidder. More

works. Someone like Seinfeld will be able to produce his own show and make it available, at \$4.99 per download on iTunes, Video-on-Demand, or DVD. He might net \$100 million per episode rather than \$1 million. At last count, iPod-casts were increasing at a rate of 15,000 per month. Howard Stern was the first notable to break from the ranks of traditional media distribution. The medium in Stern's case was radio, but the same model will apply to visual media. Stern fans are willing to pay for content not accessible on conventional radio. And Sirius was willing to pay Stern a relative fortune to broadcast his unconventional content via satellite. Now we see media companies offering free downloads or internet broadcasts of advertising infested programming. Again, they miss the point and problem altogether. In macro terms we have simply moved from a media monopoly or oligopoly to a marketplace in

Consumers are not just ignoring commercials, they are paying and suing to prevent them. Simply put, interruptive or uninvited forms of marketing and advertising will become obsolete. Good content will find its way onto personal media consumption devices, circumventing network television and radio altogether. Consumers want mastery of both media and content. It should be obvious by now that they will only welcome advertising when it is personal, wanted, and relevant.

Traditional media reach measurement today is evolving. Internet advertising metrics and pricing models evolved quickly. Just a few years ago, advertisers willingly purchased millions of pop-up banners, based upon "impressions" or "opportunity to view." After all, that's how television, radio, and print have been purchased for decades. "Opportunity to view" seemed reasonable

Consumers are not just ignoring commercials, they are paying to avoid them and suing to prevent them.

precisely; the funniest, most interesting, most necessary, entertainment will select distribution that yields the most money. Why would any brilliant producer sell her idea to a limited distribution channel (one network), burdened by layers of friction (distribution costs), when she could produce her entertainment idea and sell it to the world without the old information broker in the middle? Further, networks are hamstrung by layers of regulation. Paid content is pulled freely at the discretion of the consumer. Let's face it; if you liked Howard Stern before, you love him on Sirius. As much as I enjoyed Sesame Street as a toddler, I loved the Muppets on "Avenue Q." Network attempts to stay this new media model momentum are as futile as fending off a tidal wave with a pocket umbrella.

Over and over, I hear, "Content is king." I see this cliché folded into financial and economic modeling and I cringe. Content is not king. Content is, content. Preferred content gets consumed. Content is merely a consumable, perishable product distributed against a scarce resource of allocated entertainment time. I don't care how much someone enjoys Cheers, or The Golden Girls. If you have just a few hours to fill with entertainment, newer or better shows will bump older and overly familiar shows from your entertainment line-up. Friends might bump off the boys in the bar, and Sex in the City might turf the golden girls from your living room. Now, content can price at the marginal cost for any customer.

Seinfeld will be back. Friends will be back. But we won't see them on the old net-

works. which ideas will move without friction between creators and consumers. Have I said this before? Good.

I am intentionally light on discussion about print media. The reason is simply that the principles applicable to television and radio media also apply to print media content and distribution. I want access to the best minds, the best ideas, and those specifically to my interest. I demand them on my terms and at my convenience. I'll decide the trade value. New media access no longer knows geographic or elitist boundaries. The best and most interesting ideas will make their way to my intellectual palate.

The old advertising models are fading as well. Television, radio, and print advertising revenues will decline at steep rates. At least fifty billion dollars in current annual ad spending will shift from television, print, radio, and other traditional media over the next six years and go to media with greater targeted reach and greater measurability.

Today, television, radio, newspapers, and magazines simply do not deliver a guaranteed reach. More important, they cannot guarantee that embedded advertising will create buyers. Network television and radio continue to be fragmented and diluted by choosy consumers. Consumers are reclaiming their time, demanding privacy and flexibility. They are breaking free of media oppression and becoming media masters. No longer will consumers have to tolerate intrusive advertisements and unsolicited messages. This was made clear in the successful campaign against telemarketers and Internet spam.

enough. In fact, during a novelty phase many Internet users actually paid attention and clicked on the intriguing animated distractions. Internet users quickly learned to ignore distracting pop-ups. So advertisers stepped up their efforts to keep the pop-ups popping. We all remember the pop-ups that never went away. If you clicked to close, another one popped into view. It was like some version of "Whack-a-Mole," or "Revenge of the Dead." Advertisers persisted in seeing the Internet as a traditional media vehicle instead of a new medium of compressed distribution and search. It took legislation and pop-up blockers to wake up advertisers and Internet properties to the new reality.

Internet advertisers quickly demanded return-on-investment (ROI) measures, and pricing evolved to CPC and CPT (cost-per-click and cost-per-transaction) models. This transition from "opportunity to see" to "opportunity to buy" was foreign but welcome. Soon, we all started ignoring the irrelevant banners. This didn't mean that the banners weren't served up for us to see. It didn't mean that we couldn't click on them. It simply happened that we got smart and were unwilling to exchange our time and attention for the distracting message. We ignored the unwanted, unneeded, irrelevant advertising because we could. "Click rates" dropped from one-in-five to one-in-ten, to one-in-one hundred in a matter of months. We asserted our agency as "masters." The television remote might have provided us with our first real sense of mastery over circumstance as we grasped a small, plastic, battery powered contraption, and surfed about the program-

ming world without ever lifting our butts from the comfort of the couch. This new found opportunity soon became a God given right that we had only temporarily yielded to an oppressing media dictator. What began as the introduction of a liberating technology has effectuated a fundamental shift in mind and behavior. Human nature has proven that nothing is sorely missed until we have it then lose it. Such is our new perspective of our time and those that would threaten it. "I can, I will," is the consumer mantra in the Idea Economy™.

Internet companies subsequently suffered identity crises, and searched their

on the old media table, or will I run targeted banner placement against measured ROI metrics?

The accountability axiom will increasingly govern not just media, but retail, services, education, and government.

SEARCHING FOR ADVERTISING ACCOUNTABILITY

Advertisers are struggling to shore up their own house as the media walls come tumbling down. Such is the perpetual dy-

must learn how and when to seek balanced measures or abandon measures in times of economic transition. Today, market share can sink before media measurement spots a trend forming on the horizon.

To get an idea of where advertising is going, one need only look to Google, soon to be the largest media company on the planet. Information access plus accountability equals reliable ROI. Access to advertising inventory creates increased demand, while auctions allow Google to price on the margin while ensuring that advertisers pay the highest possible price to grow and protect their market share. In a truly accountable model the questions should be; first, how much of my market share is vulnerable and how much am I willing to pay to protect it; and second, how much of my competitor's market share is vulnerable, and how much am I willing to pay to seize it?

We live in a new age of new accountability. If I know empirically how my advertising message affects consumption and how it affects the consumption of my competitor's brand I can translate that math directly into market share.

I laughed out loud at a headline in a recent trade publication: "Cable Network Offers New ROI Twist: Proof That Ads Actually Ran." Has the media measurement bar been set so low? It's incomprehensible.

The absurdity of the old system is obvious if we imagine what would happen if Google and Yahoo charged advertisers a rate based on samples and estimates when actual opportunities to see, as well as actual "clicks" and "purchases" are available. Why would advertisers accept an estimate when they can have complete, factual data? Advertisers want and need to know precisely how many people actually saw or heard an advertisement and if it resulted in a purchase. Just because it's GAPP (Generally



agonized souls. "Are we media companies creating targeted impressions ('page views'), or are we value driven search, content, service and retail propositions?" If I had a dime for every time I heard, "so, how ya goin' to monetize your page views?" I would have...well, monetized my page views, I guess. The problem was that everyone was monetizing their page views

dynamic of the market—as one edifice falls, others compete to fill the space. The new paid content model being embraced by consumers has very little space for traditional advertising.

Conventional push-driven advertising will be diluted, filtered, and ignored into oblivion. The primary demographic reachable by the old mass marketing will be those

Advertisers will have no choice but to abandon the traditional media and find new channels of communication that are effective, measurable and accountable.

based on someone else monetizing their page views, all financed by ill-considered investment schemes. It was all a financial house of cards. The Internet divided, as it should have originally: search and retail on one side and paid content on the other. Unwelcome advertising was and is being forced out. Sound familiar?

Traditional media advertising measures and pricing models are suffering a similar transition whether they admit it or not. As an advertiser will I buy run-of-site, scatter, or remnant banner placement; and gamble

low-income consumers whose only information device is an old-fashioned television or radio.

Advertisers who rely only on old reach-and-frequency media metrics are wasting much of their money. Reach based on Nielsen age/sex demographics does not correspond directly to measurable buying behavior. It is merely a proxy. Advertisers need to find a balance between the old and new. Those tasked with building brand, winning market share, and protecting the same must balance old and new. Media planners

Accepted Planning Principles) do we simply capitulate? A generally accepted principle sometimes is nothing more than lazy thinking, a refusal to abandon old beliefs in the face of new knowledge and empirical evidence.

Advertisers and manufacturers today are struggling to get their messages to targeted as well as mass audiences. Advertisers are now finding new channels of communication that are effective, measurable, and accountable. Those who mount and ride the old media will lose market share quickly. This

shift will occur too fast for traditional media to respond effectively. I follow the headlines with interest as media giants continue to purchase large, growing on-line communities. A lesson already learned is that page views do not equal legitimate advertising impression opportunities. Merely owning the asset of an Internet community does not implicitly afford the owner the right to interrupt the activity that creates the community in the first place. Remember the early lessons learned? The congregation of humans, on-line or in-line does not necessarily translate into willing advertising consumers.

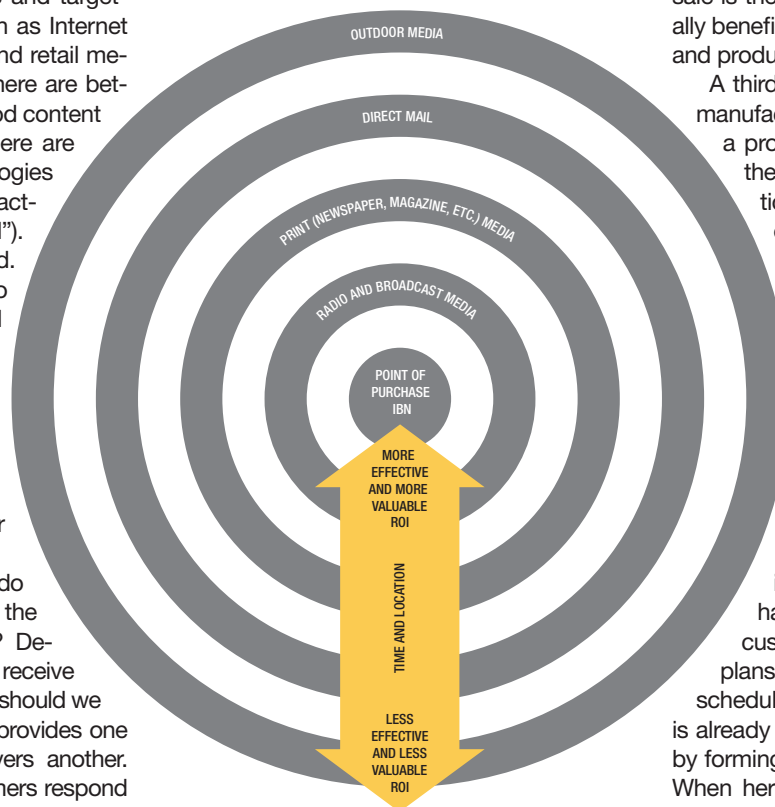
The real winners will still be paid distribution channels such as cable operators, cellular operators, and satellite and targeted advertising distribution such as Internet search and destination sites, and retail media destinations. Simply put, there are better distribution channels for good content (“inputs” and “supply”) and there are better consumption technologies for viewing, listening, and interacting (“outputs” and “demand”). Did I say this already? Good. Advertising must now yield to and morph within meaningful transaction models. Listen to the modern consumer; “Help me when I’m doing something I need you to help with, or stay the hell out of my way!” “By the way don’t tap me on the shoulder or get in my face, just hover within ear shot.”

What about reach? How do we reach the right person, with the right message, at the right time? Defined reach is the opportunity to receive an advertising impression. How should we measure it? The Arbitron PPM provides one measurement; diary data delivers another. But understanding how consumers respond to the impressions can be calibrated only on-line and at the retail point-of-sale. Traditional media will master neither impression mongering nor point-of-sale response. They will flounder in the world of sample-and-project, forever exiled from the actual shopping transaction.

Meanwhile, while we’re waiting for the PPM to deliver its half the holy grail (where the people are and what they are hearing), we will have to apply a modicum of common sense. Regardless of what traditional reach measurements report, they do not take into account the mute button, channel surfing, actual commercial viewing, or actual purchases. Nor do current measures address the rate of migration to other consumption technologies with built-in advertising avoidance features. Other technologies will emerge that connect the consumer directly to the advertising medium or message and even allow a

consumer to scan a bar code directly from an advertisement to a phone and later download product information and/or order.

This whole accountability thing will become the proverbial light on the cockroaches. Inefficient time brokers will scatter under the bright lights of empirical data reports. A friend just told me of a test they performed for a manufacturer utilizing RFID chips. They hid the chips in each of the POP (point-of-purchase) displays they sent out to retailers and demonstration companies. For years gathering compliance data on human performance has been difficult at best. In other words, retailers and in-store demonstration companies agree to place certain displays



up in the stores for fees, discounts, or premiums. Manufacturers execute these events as part of promotion strategies, funded by promotional budgets, intending to introduce a new product or bump a particular product's sales. My friend informed me that nearly half the display boxes never made it out of the back of the store to the floor in this blind study. Informed, intelligent customers will vote within hours with their feet and wallets. Consumers and market share will migrate en masse within this new world of accountability.

REAL TRUTH IN ADVERTISING

Advertising must find new identity in the Idea Economy™. The new advertising will look different and have a different purpose. It will

be pulled through selective on-line searches and through information media at the point-of-purchase. Most significantly, advertising will find a new function during an exchange of personal information I call the “Third Moment of Truth.” The notion of “moments of truth” was first coined by Jan Carlzon, the CEO of SAS in his 1987 book entitled Moments of Truth. Later A.G. Laffley, the CEO at Procter and Gamble has discussed the topic and introduced the principle as a corporate mantra. Two moments of truth are mentioned; the first moment occurs when the consumer selects a product, the second when the consumer uses the product. But there is more; much more. The product sale is the beginning of a process of mutually beneficial exchange between consumer and producer.

A third moment of truth occurs when a manufacturer can help a consumer solve a problem or make life better beyond the implicit benefit of pure consumption. If the consumer is given the opportunity to share information about her life, her needs, and her problems and the manufacturer or service provider can help her solve the problem, a beneficial reciprocity is established. The customer trusts the producer, and the producer becomes a trusted advisor.

For example, if a consumer provides information on food preferences and cooking habits, the producer can have “smart software” generate customized meals and preparation plans compatible with the consumer’s schedule, time and preferences (this IP is already patented). Her life is made better by forming a partnership with the producer. When her family reinforces her choices, a new dimension of brand loyalty is created.

At its core the Internet is simply infrastructure to establish third moment of truth relationships. Advertisers are one entity or segment with the opportunity to contemplate such relationships. A model wherein the Internet connects with the point-of-sale wrapped in a third moment of truth relationship represents advertising nirvana.

The third moment of truth has far-reaching implications for the marketplace. Like all conventional purchases, it begins in the store. But it doesn’t end there. It continues with exchange of information via the Internet and establishes a relationship that impels the consumer back to the store and back to the brand. It promises an engagement with far greater dimension than the usual commercial transaction. It is the ultimate synthesis of push-and-pull advertising. It also represents the ultimate test of efficacy for

products and services because it provides a mostly invisible, unique ingredient to every exchange. If I make mom a hero to her family and friends during a third moment of truth transaction, she is not likely to be enticed from my brand-camp. Someone would have to kidnap her.

Successful advertisers will find ways to reach consumers at the first, second, and third moments of truth. Getting to consumers during “moments of truth” is a lot better than occupying “mind share” that might lead to a moment of truth. While occupying mind share is certainly important, smart manufacturers will prefer to capture moments of truth. “Get me as close to the fighting action at the point-of-sale and moments of truth—on that ground will I deploy most of my resources.” Anything outside the retail environment will fall under “familiarity strategy” while everything within the store will become the “brand and sales strategy.”

Outside the store, the supply of impressions is virtually inexhaustible.

There’s parity, but no clarity. It’s a chaotic, confusing, and cluttered environment. In contrast, inside the store things are shaping up and becoming sharply defined. As a result, the square footage within the walls of stores is becoming the scarcest of media space. Clutter and confusion are being squeezed out the door. Market share will be fought for and won in the stores themselves with the scientific weapons of media technology.

New media will now focus on what we know rather than what we will never know. As the pressure from advertisers mounts to prove ROI, I see new terms emerge. These terms beget research that begets terms and so on. It represents a part of old media life support and continues to avoid the poignant core issue. A trendy term like “engagement” just appeared on the scene. I read the following in a press release announcing the same: “...participate in periodic phone surveys to measure the connection between what they watch on TV and their recall, awareness and attitudes toward brands and products advertised on TV.

“The new Nielsen engagement panel comes as Madison Avenue has become transfixed with engagement metrics as a solution to growing concerns that people avoid advertising. An industry-wide task force known as MI4 is expected to release its definition for engagement next week during the Advertising Research Foundation’s annual conference in New York.”

“MI4, which describes the engagement effort as the “search for the 21st Century

GRPs,” a reference to Nielsen’s conventional “gross rating points,” has been using a working definition of media engagement as: “Engagement is turning on a prospect to a brand idea enhanced by the surrounding media context...” What? Can anyone explain to me what this means? In other words, Engagement is just another irritating euphemism for “we can’t measure ROI from here either.”

Even if we could measure whether a particular person was paying attention to a particular television commercial, the time and distance from the point-of-purchase renders this method of messaging ineffi-

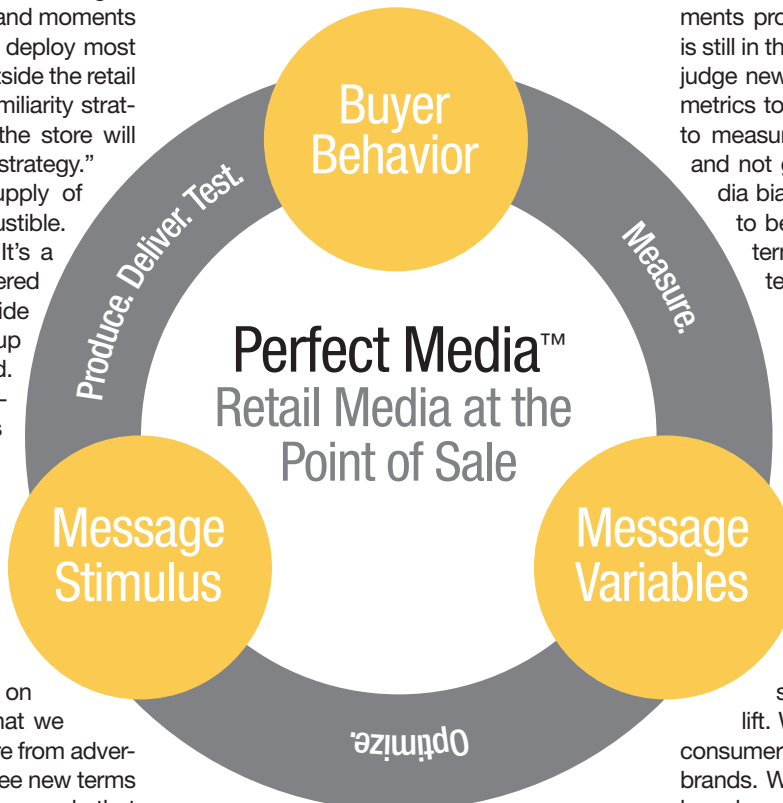
were also longer, but viewers sat through them because they had to get out of their chair to change the channel. Today, however, there are a lot more commercials per hour on commercial TV, and the remote-empowered viewer can click the commercials away. Dr. Maiville rightly concludes that the OTS assumption of “full attention” no longer applies.

Dr. Maiville notes that minute-by-minute viewing data can’t tell us if people are raiding the refrigerator or hitting the mute button. Other data suggests that multi-tasking TV viewers might be surfing the web or checking e-mail. Moreover, digital video recording makes real-time measurements problematic. Credible measurement is still in the future. “Don’t use old metrics to judge new media,” says Maiville, “use new metrics to judge old media.” It’s important to measure things relevant to advertisers, and not get caught in the “rut of old media bias.” Maiville concludes, “We need to be accountable on the advertiser’s terms, not accountable on the media terms.”

Here’s what we know about the retail destination and the media within the store. We know precisely how many people are exposed to a message. We know that more than 70% of purchase decisions are unplanned and made at the store. We know that shoppers actually welcome in-store advertising when messages are relevant and helpful. We know that in-store radio and in-store television drive sales lift and category lift. We know that every category has consumers who are not loyal to particular brands. We know that in-store media drive brand switching. Thus, we know that in-store media controls a percentage of market share for every category. We know that we can alter in-store messages to address particular individuals and specific markets, and even take into account the time of day and the weather outside. Retail media, like targeted Internet messaging, lives in the new world of optimized advertising messaging and accountability.

Dr. Mark Maiville has some perceptive comments on in-store advertising:

In-store advertising achieves relevance from its situational character. If you take the notion of “situation appropriate communications” the notion of mass or targeted media really doesn’t matter. I think that’s the point where you need to separate technology enabling consumers and technology allowing advertisers to avoid irrelevant noise in the system. Again, I think that a lot of consumers will be passive, but at least they’ll



cient and less effective than other measured media like Internet and Retail Media.

We do know that ten years ago, unlike today, consumers had little choice to avoid unwanted advertising.

Dr. Mark Maiville, a renowned expert in the world of media metrics, has called into question the whole concept of “advertising exposure.” He points out that we’ve never had a reliable way to measure exposure. Instead, the standard has been something called “opportunity to see,” or OTS. The assumption behind OTS was that if you were paying attention to an information medium, you were also paying attention to the ads embedded in that medium. Such an assumption might have been true 30 or 40 years ago, says Dr. Maiville, but not today. Back then commercials during prime time programming were more infrequent. They

be passively confronted by something that matters, rather than passively annoyed by an endless stream of irrelevant ads.”

Conventional media measurement takes market samples and projects them into universal metrics. It doesn't correlate buying behavior to messaging with much accuracy. Neither does it allow much granular targeting. In-store media technology, on the other hand, makes it possible to study precisely the effect of advertising messages on buying behavior. It's an environment for em-

perience. Shoppers inside the store will not put up with clutter and generic untargeted messages, just as on-line shoppers will not tolerate pop-up banners. I always seemed apropos that media vernacular uses “clutter rate” to describe advertisements between entertainment content. Shoppers want to be informed, educated, and even entertained.

The age-old barriers separating advertising and promotional budgets will dissolve as their functions compress and unite into one marketing initiative. Imagine what will

able. Shoppers will express their gratitude by voting with their wallets. The entire retail experience will be shaped within the perfect laboratory—the store—by research, research, and more research. In the elegant closed-loop media environment we call the store, we will for the first time actually KNOW what the customer likes, needs, and wants. We can then shape our media to address these immediate realities. Who can argue that Google has not made Internet search efficient while presenting rele-

The age-old barriers separating advertising and promotional budgets will dissolve as their functions compress and unite into one marketing initiative.

pirical research and experiment and also provides a framework for message optimization. Matched panel application can control for all variables. We can test covariate sets to find optimum results. It is even a step better than double blind methodology because customers don't know they are being studied. In this laboratory where message and behavior converge, messaging can be both target-specific, and optimized to increase sales. In-store media doesn't need samples or projections. We have actual, primary reliable data. So the real transition of note is from “opportunity to view” to “opportunity to buy.” Again, where opportunity to buy data merges with actual purchase data within the same laboratory, sales can be optimized and market share can be acquired from competitors. This is the most important breakthrough, or result of the media transition. Did I say this already?

Research continues to reveal that regardless of advertising outside the store, some market share represented by non-brand-loyal shoppers is up for grabs. Advertising outside the store mostly builds category demand, which persuades customers to visit the store. Once inside the store, however, shoppers, even those loyal to a certain brand, can be convinced to switch brands if they get the right kind of specific information conveyed through innovative in-store technology. If I'm waging a battle for brand market share, I want in-store media and the ability to measure reach, frequency, and ROI; actual point-of-sale data. What the customer might be thinking before she enters the store is useful to know, but what she thinks every moment she is shopping in the store is mission critical.

Just as advertising outside the retail environment is changing, marketing inside the store is becoming more focused. The traditional retail environment is morphing into a targeted search and custom shopping ex-

perience. Shoppers inside the store will not put up with clutter and generic untargeted messages, just as on-line shoppers will not tolerate pop-up banners. I always seemed apropos that media vernacular uses “clutter rate” to describe advertisements between entertainment content. Shoppers want to be informed, educated, and even entertained.

The age-old barriers separating advertising and promotional budgets will dissolve as their functions compress and unite into one marketing initiative. Imagine what will

happen when promotion (short-term sales tactics) and advertising (branding) can synthesize their message strategies. Retailers and manufacturers will gradually jettison the old technologies of FSI, coupons, and other inefficient mass promotional methods that make supply chain management today difficult. They will embrace practices like loyalty marketing and targeted smart offers upon which they can build predictable behavioral models. These innovative behavioral modeling ideas will give retailers and manufacturers greater control of the supply chain and pricing efficiency.

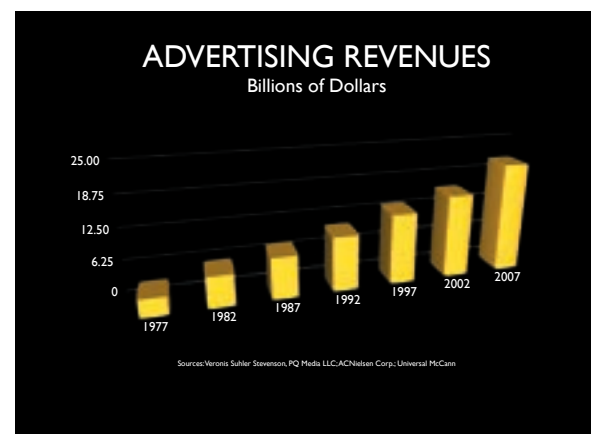
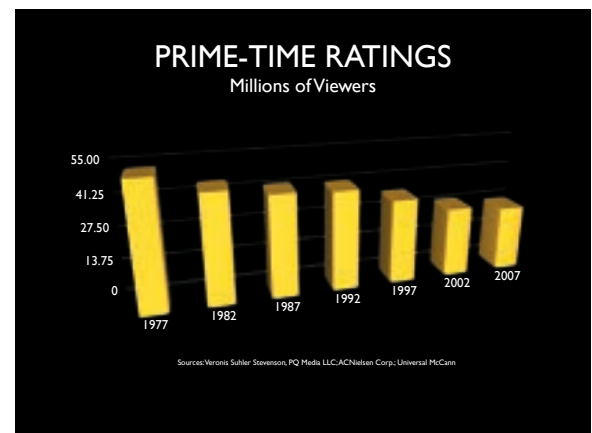
By eliminating obsolete approaches to product promotion, manufacturers and retailers will eliminate costs of wooing the wrong customers. The compression process means that promotion budget dollars will simply gradually reallocate to the retailer. Simultaneously, new advertising budgets will reallocate from traditional media to new measured media. Retailers will also see a part of advertising budgets for the first time. More importantly, properly executed retail media will drive customer satisfaction and increased basket size. Manufacturers will also benefit from targeted cross selling opportunities that presenting relevant messages to specific customers. Once again, the losers will be traditional media, as they find no seats at the new search and retail table.

Most important, as in any good economic trade, the consumer will be the big winner. Shopping will become more productive, more meaningful and more enjoy-

able. Shoppers will express their gratitude by voting with their wallets. The entire retail experience will be shaped within the perfect laboratory—the store—by research, research, and more research. In the elegant closed-loop media environment we call the store, we will for the first time actually KNOW what the customer likes, needs, and wants. We can then shape our media to address these immediate realities. Who can argue that Google has not made Internet search efficient while presenting rele-

vant advertising messages? This is a new model that works. The retail shopping experience is simply another form of modern search.

Truly, this is Perfect Media. In the Idea Economy™, retailers are the new media giants. The old guard must stand down and



quit bullying manufacturers. Old media simply can't deliver the goods. Larry Light, the retired CMO of McDonald's, describes the new reality: “The days of mass media marketing are over. In 1965, 80% of 18-49

year-olds in the U.S. could be reached with three 60-second TV spots. It requires 117 prime-time commercials to make the same connection today.”

Of course the irony is that as mass media has faced the dilution and fragmentation of the new personalized media, media reach costs have continued to skyrocket.

Old marketing methods gave us CPM (cost per thousand), reach, frequency and CUME (cumulative audience). New technologies will give us precise market share and actual purchase opportunities. Advertisers

convergence of push and pull marketing. The point-of-sale is where “advertising” has always wanted to be, the place where information can be personal, relevant, and brief.

Market share will therefore be the new pricing schema as consumers with one hand on the product and one hand on the wallet are persuaded to switch brands on the spot. The Internet provides advertising access to millions and prices advertising inventory on the margin. Retail media provides limited advertising inventory to a select few who are committed to build long-term brand

the shower and listen to Pavarotti (or Black-Eyed Peas) through a wireless, waterproof speaker hanging from a hook in the shower. We drop our iPod onto a speaker dock while we get dressed, carry the iPod to the car, plug it into our adapter and the songs keep coming. We carry the same iPod to work, to lunch, and to the gym.

The 19th century opera buff was constrained by the limits of his media, both the buggy he traveled in and the auditorium in which the singers performed. In the 21st century, our portable digital media free us

Consumers have become so media savvy that they will not put up with the old manipulations.

will have exact knowledge instead of vague projections. For example, a manufacturer of salsa would rather communicate to a buyer of chips than aim a commercial at someone watching a football game. Chip and salsa manufacturers will efficiently seize market share by messaging someone searching on the Internet for a salsa recipe, or the most popular natural corn chips, or a shopper walking the chip aisle at the store. For the first time we can identify consumers with no particular brand loyalty and create loyal customers. We can also measure market share vulnerability by category and brand. This is the automobile replacing the horse and buggy of traditional media and media measurement.

In 2006 we will see in-store radio and in-store television measured, reported, and fully integrated into traditional media planning and buying tools. Advertisers will compare reach, frequency, and CUME. They will, at minimum, include point-of-sale media in their planning. If retail media and traditional media strategy is to be well orchestrated, advertisers will have to create something new and special. Advertisers will find methods to bridge the gap between the couch and the cash register. More interesting still, advertisers will find ways to engage consumers at the third moment of truth by integrating Internet and retail message strategy and process.

The store is the final evolutionary destination for media. In-store radio and in-store television as well as other media touch points will be synthesized, coordinated and personalized. This model embodies all three moments of truth. The consumer has one hand on her wallet and one hand on the product. In-store media measures both reach and purchase behavior, and can be orchestrated and optimized against brand and sales objectives. Research will now have real depth, meaning and rigor. In-store media is truly Perfect Media, the

relationships with consumers and maximize market share. While these models differ at certain levels, their core value proposition is return-on-investment. It is founded on fairness to the advertiser, the retailer, and the customer. This is good economics.

Hit-and-miss advertising will still pepper the airways of traditional television and radio but the future belongs to marketing and social science applied in the new laboratories of the store and on-line. Advertisers will scramble as market share reallocates like never before. Retailers, the Internet, and cable operators are the new media powers.

Consumers have become so media savvy that they will not put up with the old manipulations. Even something as seemingly trivial as phony movie time listing (the 7 PM show starting at 7:15) is an example of an outmoded audience manipulation. Movie theatres would do well to respect the moviegoer's time and purpose, and list the actual time of the movie, not the previews. Consumers don't want to feel captive and forced. Advertisers would be well advised to adopt a policy of honesty and responsibility. Tell consumers what to expect, and then don't disappoint them. Because “the medium is the message,” unique content and messaging must be developed that is appropriate to the setting, as well as specific, helpful, targeted, and interesting. We just don't have time any longer for unnecessary waste or nonsense.

TIME IS OF THE ESSENCE

A hundred years ago when you wanted to listen to music, you put on your best clothes, climbed into your buggy and rode into town. Even if an itinerant tenor botched an aria or two, the experience was worth it. Today we can make a selection from a playlist of 10,000 songs on an iPod, step into

from the environment. We become masters of the particular medium we choose to use.

There is one thing modern civilization cannot manufacture; time. New technology is a double-edged sword. It provides efficiencies that should provide us with more time. But experience has proved that sometimes a new technology will steal our time. The laptop computer means less time in the office, but more time working. We have become more productive, but at a price, which is a loss of private time. People are working more hours per week than they were twenty years ago. Personal time has become scarcer, and more precious.

Since we cannot manufacture more time we must economize the time we have. We create time by finding efficiencies in our private lives. If I can work thirty minutes closer to my home, I have “found” an additional 250 hours per year to allocate (50 weeks X 5 work days X 1 hour commuting = 250 hours). Therefore, if consumers can make good trades for time, they will. Simply put, “Mama don't take my TiVo away unless you have a super-TiVo.”

Time is the eternal gatekeeper. We can only allocate a certain portion of our time for entertainment. We place a value on that time and seek to maximize the entertainment consumed in the least amount of time. Commercials naturally play second fiddle to entertainment, if not a byproduct that we want to avoid altogether.

Traditional radio and television are free only if you value your time at zero. If your time is worthless to you, you will continue to make the trade of time for commercials. Time has always been and will continue to be our most valuable, scarce, and finite resource. Progress is driven by this proposition: we are really just trying to manufacture time. At the core of every economic trade, it is time we are buying and selling. Time, therefore, embodies economic incentives and drives creativity, ingenuity, and innovation.

Consumers will capitalize on the new media opportunities and win more time for themselves.

Can we see a time in the near future when most of us will choose what entertainment and information we consume and when we consume it? If the average American watches four hours per day of television (probably more) and the clutter rate (commercial time per hour of prime time programming) is 12 minutes, this computes to 17,520 minutes or 292 hours or nearly 40 full eight-hour workdays of television commercials consumed each year. If I were to offer you 12 days (292 hours divided by 24 hours) of additional vacation days in exchange for those television commercials, would you take that trade? If I place the choice in these terms and offer you TiVo, DVR or some form of personal media device as the cost to purchase these ten days of vacation, would this provide sufficient incentive for you to alter your behavior?

In the Idea Economy™, these are precisely the calculations that people will make consciously and subconsciously. We will protect our time and spend it more judiciously than in previous economies because we will be able to. We will find new ways to consume information and even new ways to process and think about it. Advertisers will have to conform to this new reality. Because consumers will be more protective of their private time, they will be more selective about information they consume.

I appreciate the many opinions provided by my friends and associates in the media world. One argument from a friend, a twenty-five year executive radio veteran, suggested that radio can never “go away.” Because? Why, I asked. Because the idea is strange or uncomfortable?

When I made rounds nine years ago to raise money for an on-line discount retail business, the venture capitalists had two questions; and always the same two: How do you plan to monetize your page views? (Remember, the early thinking was that nothing would ever sell on the Internet other than gambling and porn so the only way to make money was to create advertising impressions that somehow everyone would ultimately find time to click on). I suggested instead that we might try to sell things. The second question was; “do you really think people will use their credit cards on-line?” Opinion after opinion argued that people would never use their credit card on-line. How nonsensical both these arguments seem today.

Fifteen years ago ATMs were few and far between. On-line banking is compressing bank labor and process further still. We suggested in our first book that travel agents would be compressed out of travel distribu-

tion as inefficient information brokers to be replaced by on-line reservation systems. In 1995 I spoke to a group of fifteen hundred realtors in Florida. I suggested they needed to “reinvent” themselves and their industry and find ways to add non-conflicted value to the real estate sales process or face obsolescence. I have not changed my perspective on this matter. Google didn’t exist eight years ago. Today it is fast becoming the largest reach and billing media company in the world. The iPod did not exist four years ago. VHS came and disappeared in little more than two decades. I’m sure some could never see past a horse and buggy let alone to the airplane, space shuttle or a microwave oven. As my friend Gary Kennedy said; “most of the world is limited by mind-forged manacles of the past. All great breakthroughs exist at the juxtaposition of two seemingly contradictory ideas.” Today, good practice is to ask first what, why, and how something is possible. We must spend more time thinking about how to create solutions to problems previously unsolvable. Then, good economic practice should always ask three questions:

1. Compared to what?
2. At what cost?
3. Show me the evidence

There is indeed strong argument and evidence that radio will become obsolete. Television and print media will indeed find a fair, pro rata place in a growing family of accountable media. Media measurement will continue to shift from “opportunity to view” to “opportunity to buy” en route to market share pricing as advertisers demand accountability as point-of-sale media technology provides message optimization against sales. The \$500 billion annual US manufacturer marketing budgets will reallocate rapidly. Market share will shift in significant portions and with amazing speed not seen in sixty years as advertisers learn to reach, respect, and influence prospective buyers.

Traditional media companies in the middle of these compressing distribution forces will be yesterday’s information brokers. Consumers will approach advertising skeptically and selectively. The “third moment of truth”—that moment in which the consumer can communicate information and needs with the manufacturer and establish reciprocal value—will become increasingly significant. The consumer will surely agree with Humpty Dumpty: “The question is, which is to be master—that’s all.” ■

Rob Brazell is the Founder and Founding Board Member of Overstock.com (NASDAQ:OSTK). He also served as the company’s President and CEO. Rob has been the owner of several Internet properties including eHow.com (www.ehow.com), a content and search site, Delphi.com (www.delphi-forums.com) the Internet’s first discussion group community, and Sandbox.com (www.sandbox.com) the Internet’s largest fantasy sports site. He is the co-author of *The Idea Economy™—1995*. He is an owner and board member of Live Global Bid (www.liveglobalbid.com) and VinIQ (www.viniq.com), on-line auto auction and data tracking companies. Currently he serves as Chairman, President, CEO of In-store Broadcasting Network (IBN), www.ibnads.com, the world’s largest retail media company.

This paper was adapted from a chapter in Mr. Brazell’s new book due out this summer. The article was printed with the author’s permission and all rights are reserved.

Those interested can visit www.theideaeconomy.com.