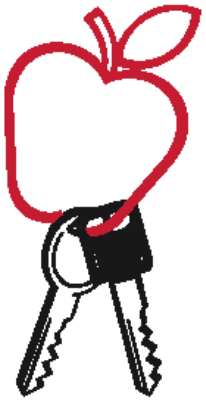
Emerging Technology

National Media Forum on Highway Safety

November 3 - 5, 2004 • New York, NY



Presented by:

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Agenda

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- Overview of the Internet as "New Media"
  - History
  - Reach
  - Audience
- Overview of an Emerging Demographic
  - "Echo Boomers" / "Lost Boys"
  - Trends
  - Targeting
- Online Opportunities and Challenges
  - Online & TV
  - Online examples
- Q & A

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Just ten years ago (10/27/94) , the first online ads launch on HotWired.com

- Few people believed at the time that the web would ever be a serious ad medium. This was during the age of the online services. The web had an uphill battle.
- There was no ad serving, no reporting and no way of tracking anything.
- Each section had one sponsor per month. Each section had a 468 x 60 banner that sat atop its home page and then recurred on subsequent content pages.
- They charged $15,000 per sponsor, per month. Why? Because that's what a page in the print magazine cost at the time.
- Among the Initial sponsors were: AT&T, IBM, Network MCI, Volvo, Club Med and Sprint

Source: Doug Weaver, The Upstream group: www.getthedrift.com

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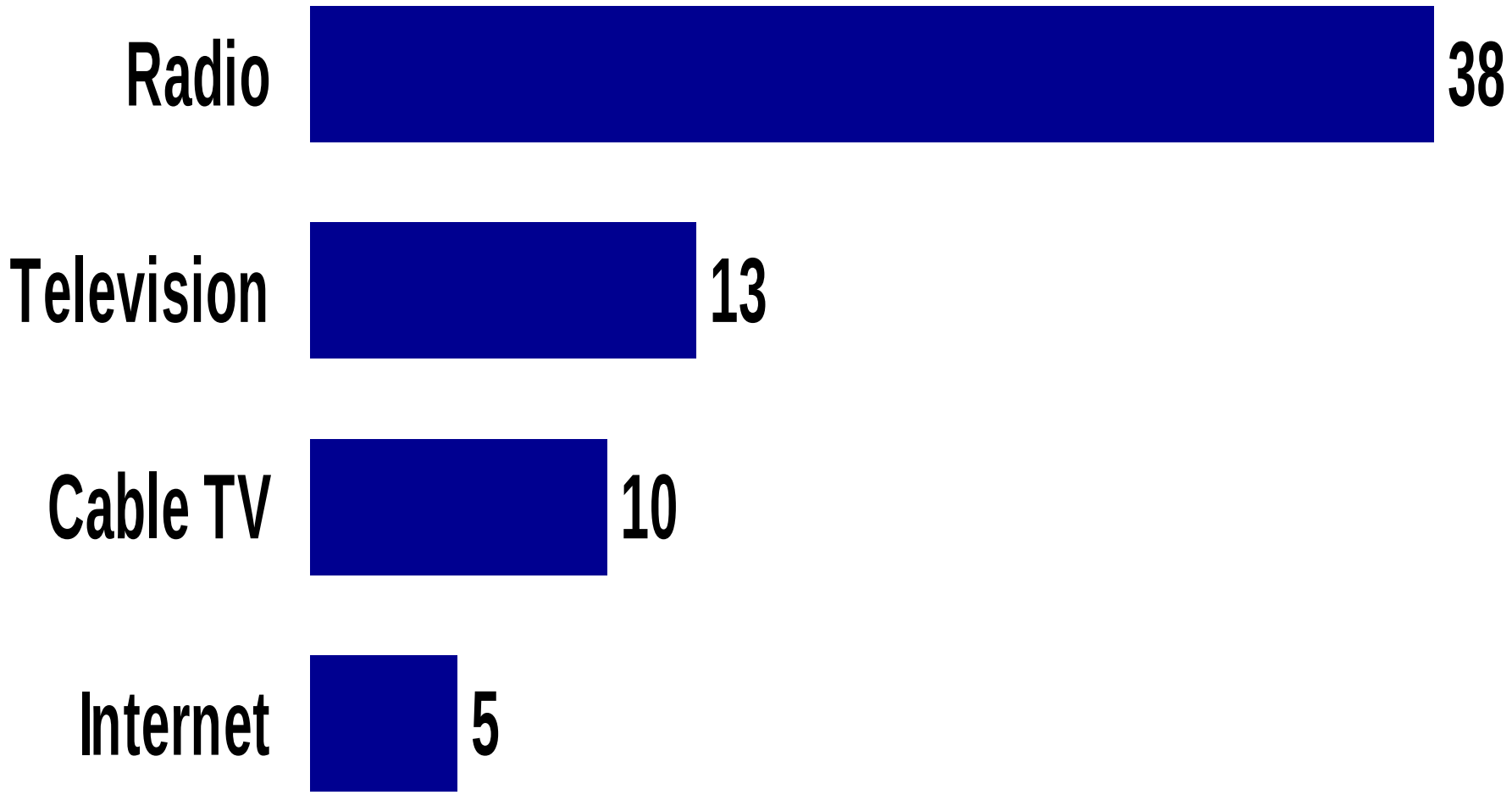
Net Size and Growth in Perspective

Years to Reach 50 Million Americans



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The Masses arrived quickly

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- 158 Million active online users monthly[1]
- The internet spans every age
- Highest levels are for those under 24, with use among those 18 and under approaching 100 percent[2]
- Marginally higher percentage of men going online

Source: 1. comscore MediaMetrix, Sept '04; 2. USC Center for the Digital Future. "Ten years, ten trends" 9/04

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Internet continues to grow

- In fact, in 2003 the Digital Future study found over three-quarters of Americans (75.9%) are now online and using the Internet in some way. And they are using it more.

- In 2000, the average number of hours spent online each week was 9.4. In 2003, it is 12.5 hours — a 33% increase in just three years.

- As Internet access and hours online continue to increase, online usage is altering the ways people interact with one another, shop and purchase products, attitudes toward personal privacy and financial security, and the time people commit to other activities.

Source: eMarketer, "Look who is online now.", 9/30/04

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"And as media fragmentation continues... and as new choices continue to emerge and technology leaps out ahead of consumers' wishes to change the way they behave... it's incumbent upon us all... to think differently about how we'll connect with consumers in the future ."

» Steven Heyer, President and COO of Coca-Cola Co.

Photo: Chris Cassidy

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The Echo Boomers / Lost Boys

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Top trends affecting marketers

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1. **"The Media Habits of the Nation Are Changing"** — Over the last 10 years, Net users are increasingly "buying time" they used to spend watching TV to spend it online.
2. **"The Changes in Buying Online Are Just Beginning"** — The intensity of credit card concern is declining and Internet users are buying more frequently online.
3. **"Privacy and Security Concerns Remain High"** — Not only do Net users worry about their personal and financial information online, but they are also concerned about their time online being monitored. Issues with viruses, spam and phishing do nothing to allay these fears.
4. **"The Internet Has Become the #1 Source of Information for Users"** — And, the spread of broadband has accelerated this trend.
5. **"E-Mail: E-Nuff Already?"** — It's the most important reason why people go online, but concerns about spam, inbox overload and time commitments are piling up.

Source: eMarketer, "Top 10 Trends from Internets first 10 years.", 9/30/04

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DOT considerations

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Look to answer the following questions:

- ✓ Is your audience online?
  - ✓ What do they like to do online?
  - ✓ Where are they?
  - ✓ What's the best way to reach them?
- ✓ Is online a good compliment to TV advertising?
  - ✓ Can online advertising expand the brand's reach?
  - ✓ Can online advertising deliver a creative message that is as impactful as TV?
  - ✓ Can online advertising be Context-sensitive
    - ✓ Targeted: What they need *when* they need it
    - ✓ DON'T become the next spam – as soon as you do, you lose them

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Online Target Composition (Who are they?)

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- High Penetration [1]
  - 75% of Men 18-34 in the US are online
  - 26,467,000 Online users
  - 15% of web population, but…
  - account for 38% of time spent online
- Access online through multiple touch points [2]
  - At-home (94%); work (57%); wireless (11%)
- Early adopters of the Internet: Average 3-5 years tenure [2]
  - 91% have been online 3+ years; 83% have been online 4+ years
- Access mostly via broadband – 77% Broadband Access [2]

Source: [1] Media Metrix, September 2003; [2] @plan, Winter 2004

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Online Activities (Where are they?)

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- They actively keep abreast of current news, events and are entertainment focused (M18-34 Online Comp)
  - Entertainment – 55%
  - Sports – 49%
  - Technology – 40%
  - Music – 38%
- They are also technophiles (M18-34 Online Comp)
  - Download mp3's – 47%
  - Download software – 46%
  - View/ Pay bills online – 41%
  - Download multimedia content players – 38%
- Watching less primetime television in the 2003 - 2004 season
  - Nielsen reports a 4.5 minute decline in time spent
  - Total primetime M18-34 viewership declined 7.7%
  - Male viewers are tuning out of individual shows more rapidly than before

Source: @plan, Winter 2004

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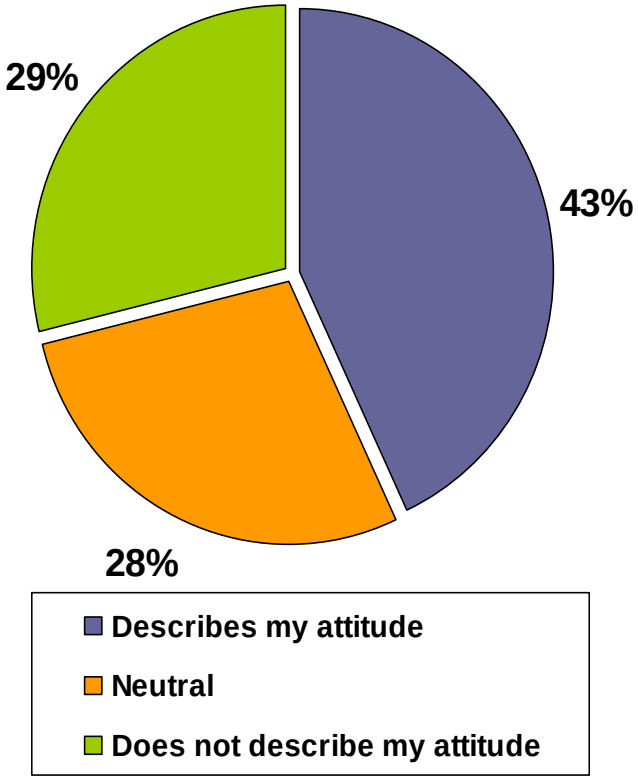
Internet Vital to Young Adults



43% of online users, ages 18 to 34, said the Internet was more important to their day-to-day life than TV

The Internet is increasingly important to young adults

- For communicating with friends
- As a utility
- Source of news and entertainment

Question: Please indicate to what extent each statement describes your attitudes: The Internet is more important than TV in my day-to-day life.

Source: Jupiter Research/Ipsos-Insight Individual User Survey (6/03), n = 1,536 (ages 18–34, US only)

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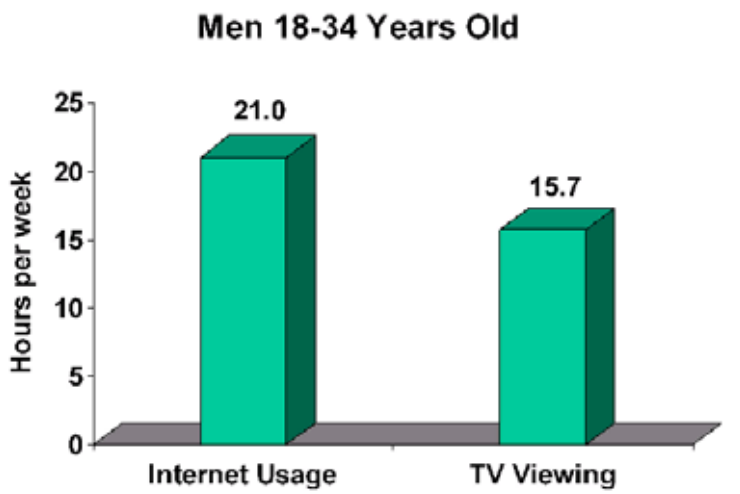
Internet Usage

- Data suggest that use of the web may indeed be a contributing factor to the measured decline in primetime TV viewing this season among men 18-34
- Spending significantly more time online each week than they spend watching television.



Source: Online Publishers Association Multi-channel Media Brands Study, November 2003
Conducted by Frank N. Magid Associates
n=4,988

Source: Media Metrix, September 2003

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Internet Offers Numerous Capabilities

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- Provides several of the key strengths of each medium:
  - Broadcast TV's mass audience and audio/visual elements
  - Cable's TV demographic targeted capabilities and audio/visual elements
  - Magazines strengths:
    - Reaching targeted demographics
    - Alignment with specific image
    - Offers robust information
  - Newspapers' in providing robust information with local reach
  - Radio 's audio with local reach
  - Outdoor's image showcasing respectively
- Creates a deeper experience and intellectual bond with the consumer
- Provides brand messages at a specific time of need

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Online Spending on the Rise (again)

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- Online ad spending in the US totaled $2.37 billion in Q2 2004 (total 1st half, $4.6 billion)
  - Up 42.7% over spending in the second quarter of 2003, and a 6% increase since the Q1 2004
- 7th consecutive quarter of growth for Internet advertising spending.
- Search comprises 40% of the Internet advertising spending market, compared to 29% in Q2 2003.
- All ad formats except email advertising were up
  - Likely due to proliferation of spam
- Marketing and media budgets are projected to grow in 2005 — with online budgets growing fastest, according to Millward Brown.

Source: eMarketer, "Online spending up again", 9/21/04

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Using TV + Online together

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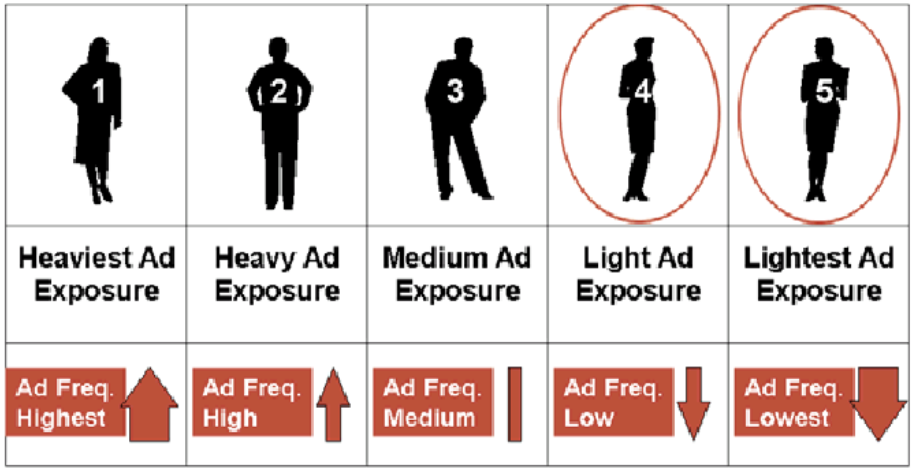
- Online advertising is the perfect complement to TV
  - Reach light TV viewers
  - Multiple touch-points with heavy TV viewers
  - Extend reach both quickly and cost efficiently

For the campaigns studied, "heavy" TV viewers see the ads most often, while "light" viewers have low exposure



Online is especially good at increasing reach and frequency of consumers #4 and #5, who are "light" TV viewers.

Source: Doubleclick/Nielsen//NetRatings/IMS "Cross media reach and frequency planning studies, March 2003

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Online Ads Enhance The Media Mix

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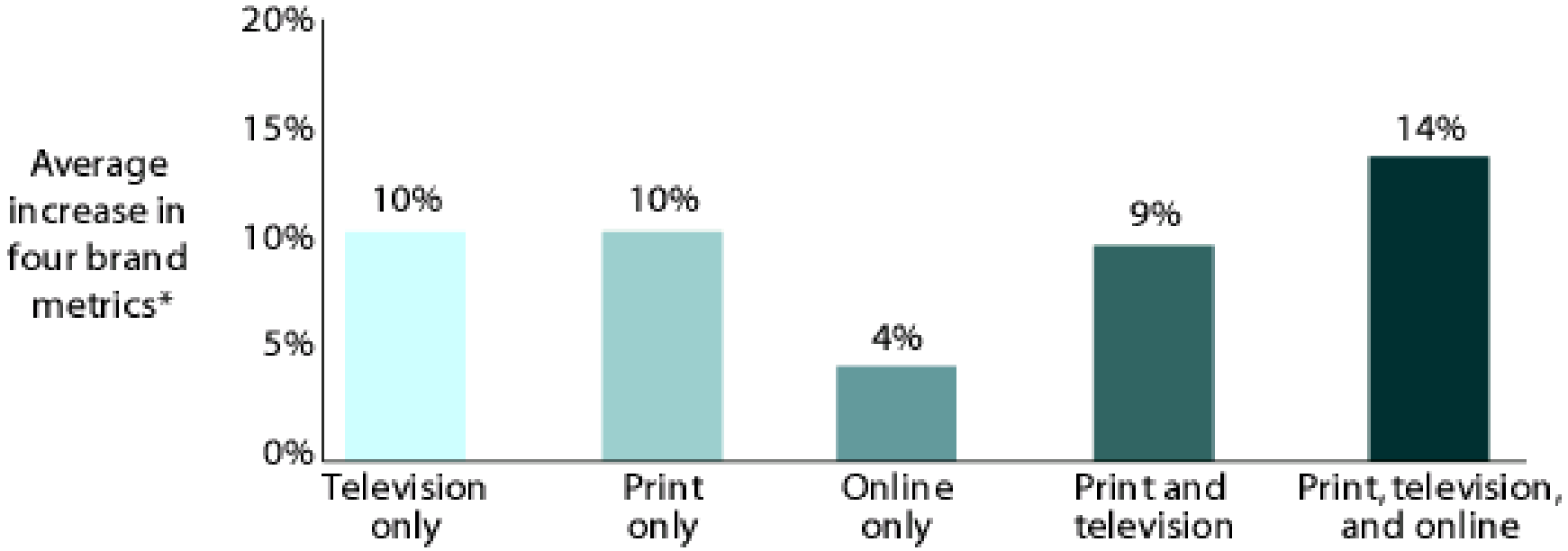
The combination of print, television, and online lifts brand metrics the most.



*Note: The four metrics include: 1) unaided awareness; 2) aided awareness; 3) brand image; and 4) purchase intent.
Base: consumers exposed to each medium or combination

Source: The MSN, ARF Dove Nutrium Bar Case Study 2002, Forrester Research

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Why TV + Online?

"What is the optimal media mix to achieve marketing goals?"

The three key findings

- using a static budget, optimal results are achieved when online advertising is 10-15% of the marketing mix
- adding online advertising expands reach and coverage
- increasing online allocation produces better overall results by increasing the ROI

Source: Doubleclick/Nielsen NetRatings/IMS "Cross media reach and frequency planning studies, Mar 2003; IAB Cross Media Optimization Studies, 2002 - 2003

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What can online media do for the DOT?

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- Deliver a powerful message to increase awareness and generate buzz
- Integrate the DOT programs into the content and activities M18-34 seek online
  - Games, entertainment, sports, music
- Offer unique, creative solutions to drive traffic and create excitement of DOT programs through innovative ad placements

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Program Opportunities

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- Intro Messages and Roadblocks / Page Takeovers
- Full-Screen Superstitials
- Floating Ads
- Game Loading Screen
- Custom Site Skins
- Content Sponsorships
- Nested Content/ Branded Games
- Branded "IM"vironment
- Branded Video Players
- Demo-Targeted Ad Units
- SMS

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Homepage Intro Message

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Rich media large size advertisement introduces the site before homepage loads that enables an advertiser to position a nearly full-screen advertisement in front of the user while they wait to enter the site.

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Roadblocks

100% exclusive; Own all inventory on a page

Very impactful with dominate share of voice

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FULL-SCREEN SUPERSTITIALS

Full-screen Superstitial ad units are the online equivalent of a TV commercial, taking over the entire web browser as the user is delivered from one content page to a subsequent page.

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FLOATING ADS

Floating ads cut through the ad clutter by “floating” above the page and content.

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GAME LOADING SCREEN

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Introduces content: high intensity ad unit captures a teen's attention at the time they are most alert on the site – while they are waiting to play a game (or to be redirected to the page where a game is for them to play). The Game Loading Screen is a rich media unit that enables an advertiser to position a nearly full-screen advertisement in front of the user while they wait to play.

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CUSTOM SITE SKINS

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Some partner sites will redesign the look-and-feel (including fonts, colors, and imagery) of either their entire site or specific targeted site sections for one day, to reflect the brand image of the advertiser.

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Content Sponsorships

Opportunity to associate your brand with fun and entertainment

Leverages the popularity of popular areas within sites to reach young men

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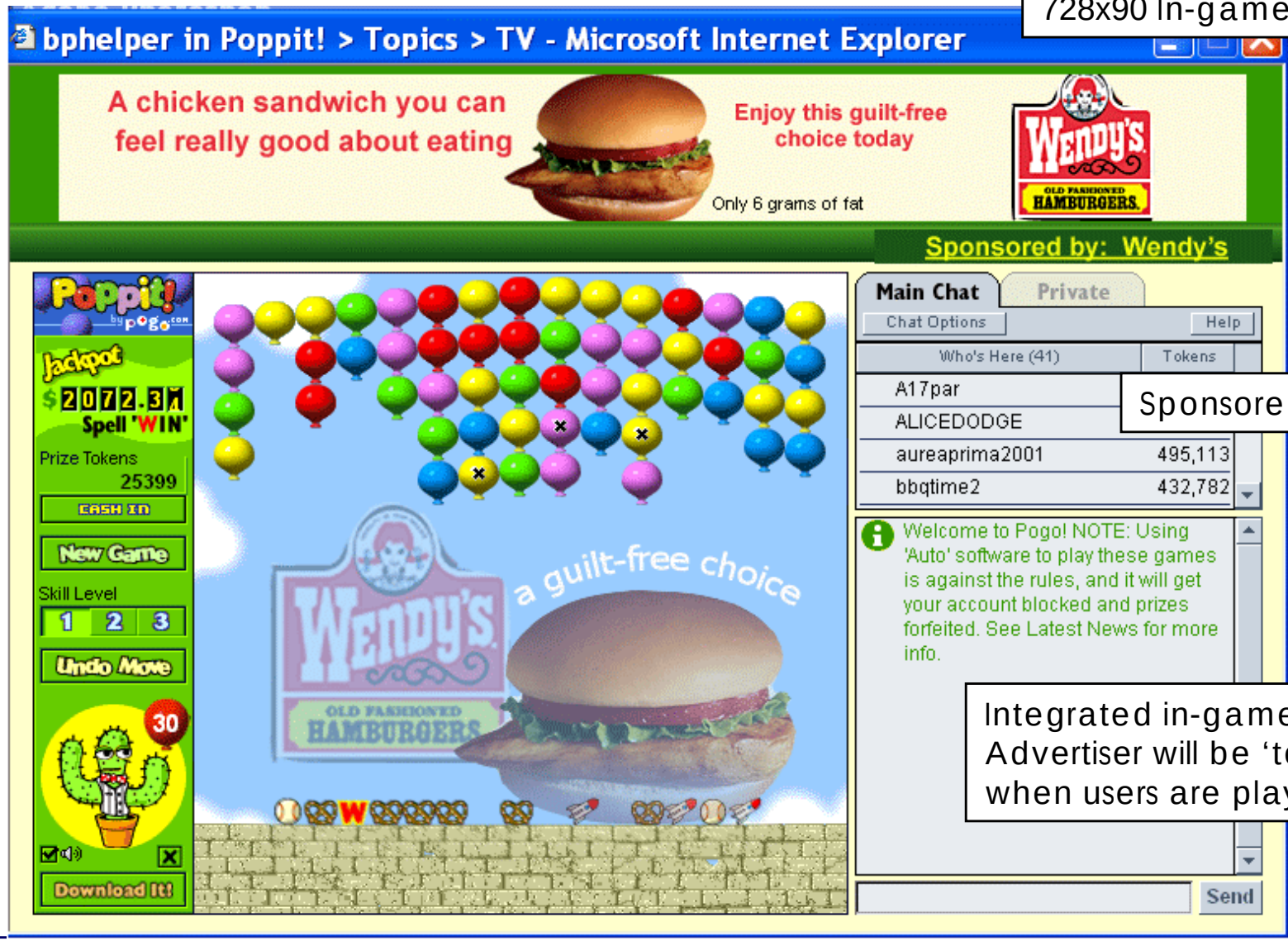
NESTED CONTENT / BRANDED GAMES



728x90 In-game banner

Sponsored text link

Integrated in-game branding – Advertiser will be 'top of mind' when users are playing

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BRANDED “IM”vironment

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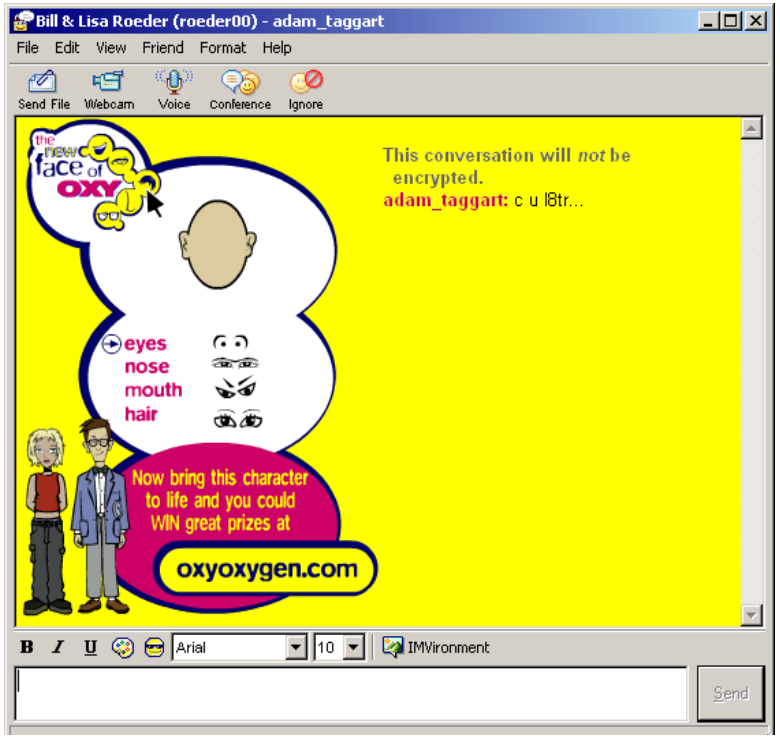
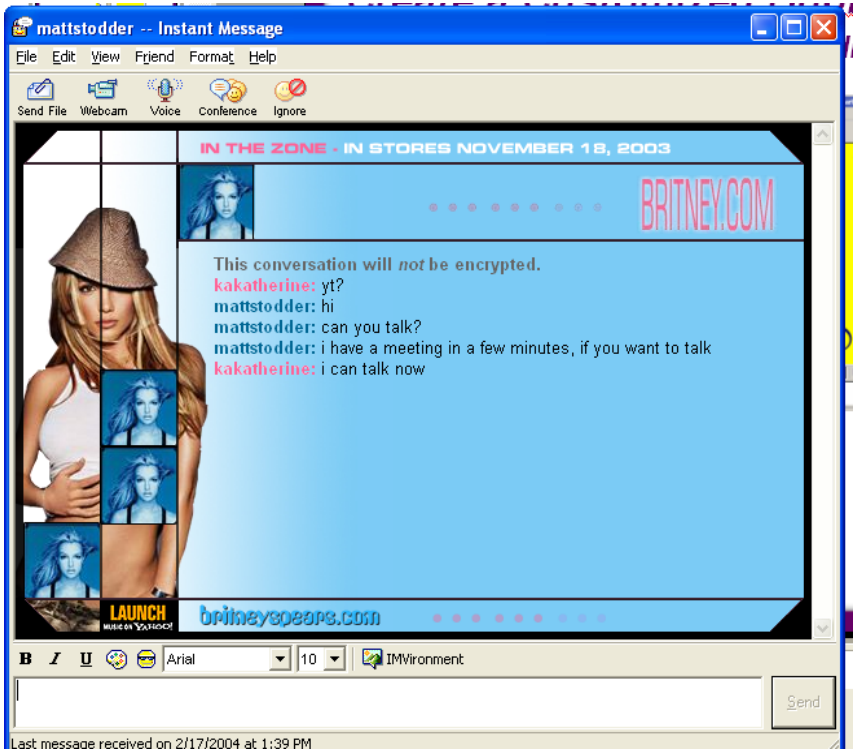
IM is one of the most popular environments for the target demo, and Yahoo! Launch can create a branded, demo-targeted “IM”vironment specifically featuring your ad





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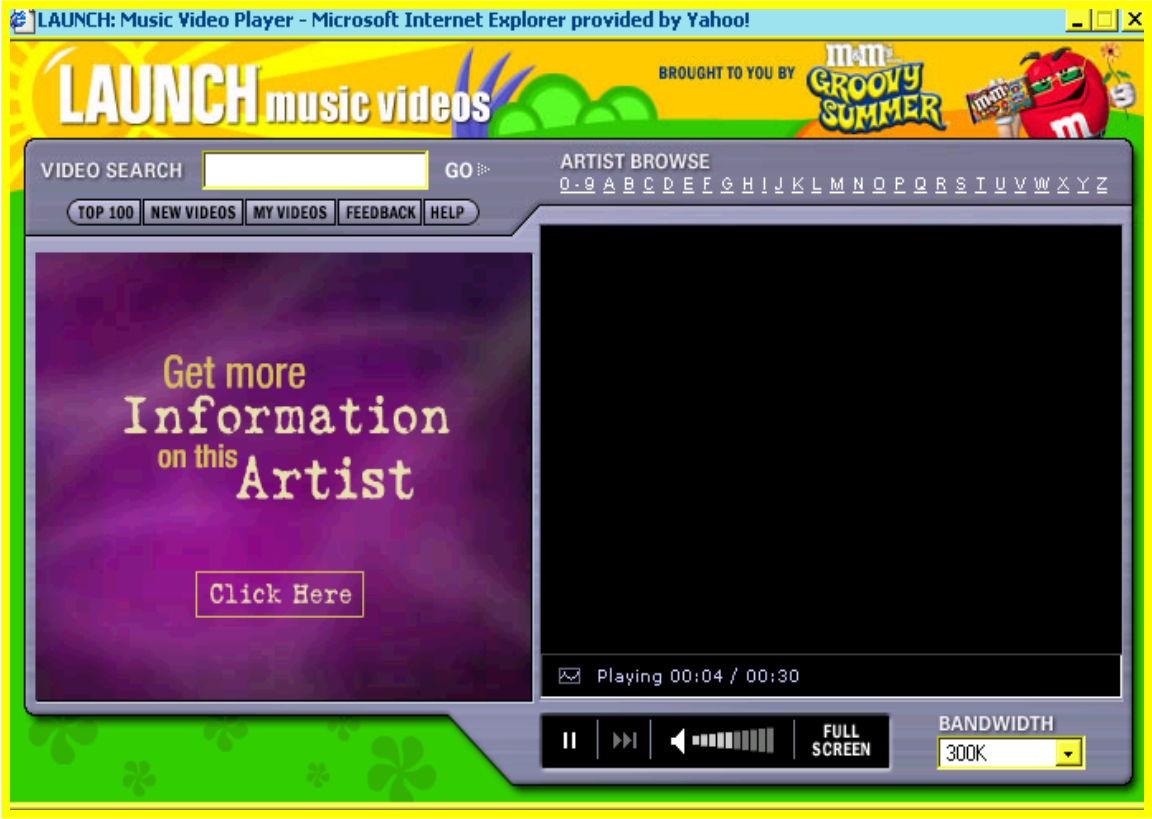
BRANDED VIDEO PLAYERS

Branded Music Video Players and demo targeting the advertising by age group and music genre.



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DEMO-TARGETED AD UNITS

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Several partner sites offer the ability to target ad units specifically to the target audience, meaning more relevance to the user and no wasted impressions for DOT

Sites utilize user log-in and registration data as basis for serving a particular brand's ads; ad units are only served if the user's demographic profile matches the advertiser's target

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Mobile Marketing - SMS

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- Creative possibilities are certainly more limited with SMS, however offer large reach
- Best success integrating mobile into an overall brand campaign (AT&T/American Idol)

Consumer clicks on link off your site

Consumer opts-in

Consumer receives offers, reminders, trivia / fun factoids

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Mobile Advertising

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- Offers a captive and active audience that interacts with content in their "downtime"[1]
  - 20 million PDAs in distribution in the US
    - Most popular applications (in order of use): Calendar, Contact, database, Email, Local content
  - 166 million wireless phone subscribers in the US (SMS available on over 80%)
    - 62% of American Adults 18+ have a mobile phone
    - Currently over 2.5 billion SMS messages are being sent per month in the US
- SMS messaging stats[2]:
  - 2% of U.S. cell phone users have texted to a number on product packaging
  - 1.3% to an advertisement
  - 1.6% to a TV show
  - 1.1% to a magazine
  - .7% to a radio show
- Mobile phone user profile
  - Estimated 100 million 18-25 year old mobile subscribers; 64% use SMS (short messaging service)
  - Mobile phone #s are numbers **to the user**

Source: 1. Vindigo Wireless update 2004-2005; 2. Enpocket Mobile Media Monitor

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Three different types of mobile marketing

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1. Advertising on PDAs

2. Mobile phone content sponsorships

3. SMS/Text Messaging

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Targeting

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- Carefully select sites to reach a precise demographic, or use sophisticated profiling techniques to find that hard-to-reach customer (premiums attached)
  - Content relevant targeting (most common)
    - Run your campaign within areas that attract an audience interested in your message
  - Technical targeting options
    - by domain, SIC, browser, computer platform, region, or country
  - Site Registration Information- (Hotmail, WSJ.com)
    - Age, Gender, Income, Zip Code
  - Geographic Targeting
    - Weather sites, Cities or Local Newspapers- (weather.com, citysearch, Herald.com, Boston.com

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Measurement & Optimization is Critical to Success

- Quantitative
  - Total impressions served
  - Clicks & cost-per-click

- Qualitative
  - Partnership with Dynamic Logic, running an in-market, ad effectiveness study:
    - Awareness (aided and unaided)
    - Message favorability
    - Message association
    - Branding impact & key attribute measurements
    - Most importantly, purchase intent

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Conclusion

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- The Internet is entrenched in M18-34 lives
- Online is a key source for entertainment, communication, product information and services
- Online can:
  - Create a deeper experience with the consumer
  - Provide your brand messages at a specific time of need
  - Create synergy with offline vehicles
  - Build brand loyalty

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Q & A

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- Questions?

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The broadband video connection

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- Online video advertising spending is projected to rise to $657 million by 2009 — five times this year's spending level
- Fueled by advertisers' desire for cross-media integration and increased online advertising effectiveness
  - Usage and effectiveness of rich media — for branding purposes will increase dramatically
  - As broadband increases cross-media integration will be easier than ever to achieve.
  - Leverage production dollars spent for television

Source: eMarketer, "Video ads are streaming online", 8/6/04

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Search Marketing– How will users find your site?

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- Average searcher conducts 34 searches per month[1]
- Users are more likely to use search as they gain more online experience[2]
  - Search was used by 83% of online consumers in 2004, as compared with 72% in 2003
  - Often, new users take quite some time to adopt new technologies/services, however, novices learn to quickly embrace search
- Only 23 percent of searchers go beyond to the second page, with the numbers dropping significantly for every page thereafter[3]

Source: 1. ClickZ "Broadband usage means more online spending", 10/8/04; 2. Forrester, "What Consumers Use To Find Web Sites", 9/29/04; 3. iProspect study, Spring 2002

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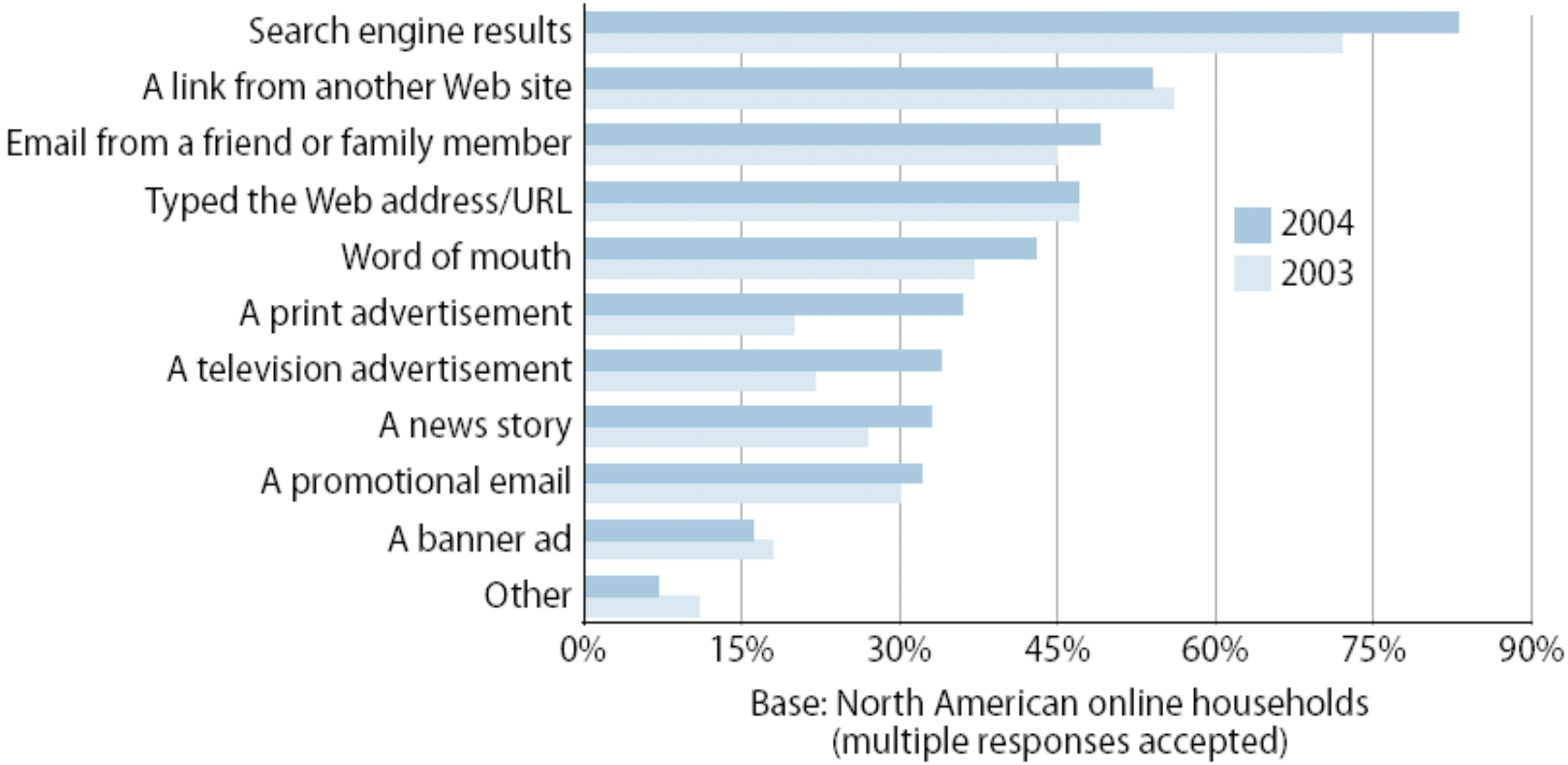
Search Engine Marketing

"How have you typically found Web sites you have visited in the past month?"



Source: Forrester's Consumer Technographics® August 2004 North American Devices, Media, & Marketing Online Study and Forrester's Consumer Technographics® 2003 North American Retail & Media Online Study

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