

Media habits change - and budgets follow



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Irish audiences are consuming more media across a varied range of platforms, formats and technologies. The internet is changing the Irish media landscape, with profound implications for media organisations and audiences. Greater and increasingly free media choices may be a positive, the argument goes, but the internet may result in the dumbing down of content, with quality journalism being the casualty.

Far from being an insider debate, what's happening in media is important to businesses and organisations

which rely on media, traditional and digital, to build their brands and transmit their marketing or communications messages.

Advertising follows audience – advertising budgets in Ireland are already on the move from traditional to digital media. Digital accounts for 10% of total advertising spend but if trends across Europe, as evidenced by IAB research, are a barometer that figure could double over the coming years.

Nowhere is the shift in media behaviour more pronounced than with news content:

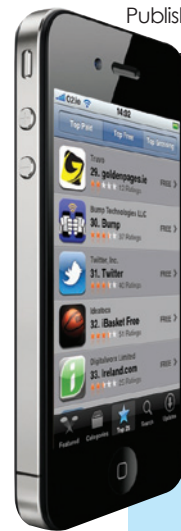
- Want to catch the 9pm news bulletin when you're not at home? No need to set the DVD player. Just log on to the RTÉ Player, as thousands of viewers do each month to catch the TV programmes they miss
- Need to catch the latest news headlines when on the move? No need to switch on the radio, or fire up your laptop to log on to a news website. Instead, use your iPhone and access the headlines and the stories through one of the many dozens of news or media apps
- Want not only to read the news, but to contribute to a debate about a breaking story? You can still "call Joe" or write a letter to a newspaper editor. But increasingly you're likely to join the conversation about that big story of the day on Facebook, Twitter and a galaxy of other sites where news is shared and discussed.

The big question for media is: who pays for online content? Not us, say Irish online audiences. A resounding 88% of Irish people are not prepared to pay for online content, according to international research conducted by KPMG. This reflects similar studies internationally, which show a marked reluctance to pay for the type of content that traditional publishers, such as newspapers, offer.

Yet there does not seem to be a similar reluctance to part with cash to buy high-end gadgets or apps to provide mobile access to news content. Irish consumer demand for iPhones, iPads and other must-have gadgets is phenomenal – queues form outside mobile phone shops on foot of rumours that a stock of iPhone 4s has landed. There is no official data on the number of iPhones in use, but informed estimates put it at around 350,000 and climbing.

News apps – both free and paid – are proving popular

Publishers' ranks in Apple App Store for Ireland



Top paid media apps

20	irishtimes.com... 1.59 € >
27	The Guardian 2.99 € >
47	Irish Independent... 2.39 € >

Top free media apps

1	Sky Sports News FREE >
2	RTÉ Pocket FREE >
22	RTE News Now 3G FREE >
24	Sky Mobile TV FREE >
26	Today FM FREE >
28	goldenpages.ie FREE >
30	Ireland.com FREE >
42	Daft.ie FREE >

Source: Apple's App store for Ireland, accessed on 31 August 2010

among Irish iPhone users. News apps from three traditional news organisations – The Irish Times, The Guardian and The Irish Independent – are in the top 50 paid apps for Ireland on Apple's App Store. The once-off costs of these apps is

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	Paid content	Ireland	UK
	Yes - all	2%	7%
	Yes - some	10%	12%
	No	88%	81%

Source: KPMG, Consumers and Convergence IV, July 2010. Global survey covering 22 countries. Data is based on a sample of 300 respondents in Ireland and 410 respondents in the UK

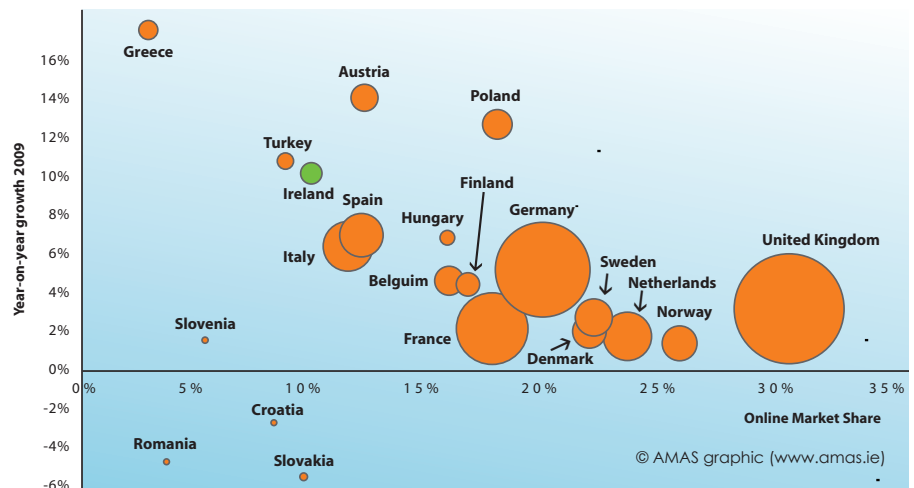
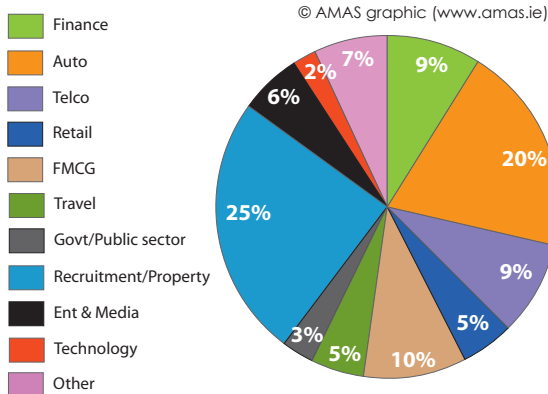
1. Digital advertising

Online advertising in Europe

2010 marks a watershed for digital advertising in Ireland, with the publication of the first study from IAB Ireland/PricewaterhouseCoopers. Digital advertising was worth €97.2 million in 2009, or 10.3% of the Irish advertising market. With advertising spend suffering a 20% fall in 2009, digital is proving to be more resilient than other categories.

Search – predominately Google AdWords – was the dominant format, accounting for 46.2% of online advertising spend, followed by classifieds (27.2%) and display (26.6%). A variety of formats, including email, sponsorships and affiliates, are included in the display category. Property, recruitment and motoring were the

Irish online advertising breakdown



Sources: IAB Europe, AdEx 2009 Internet advertising spending in Europe. IAB Ireland and PwC, Online Adspend Study 2009

biggest spenders, accounting for 45% of digital advertising spend.

Why is this study so important? Many large advertisers, notably global brands, tend not to commit budgets without industry-recognised data. And that's what they're getting – the reconstituted IAB Ireland is part of a network of similar industry bodies internationally while PricewaterhouseCoopers uses a tried and

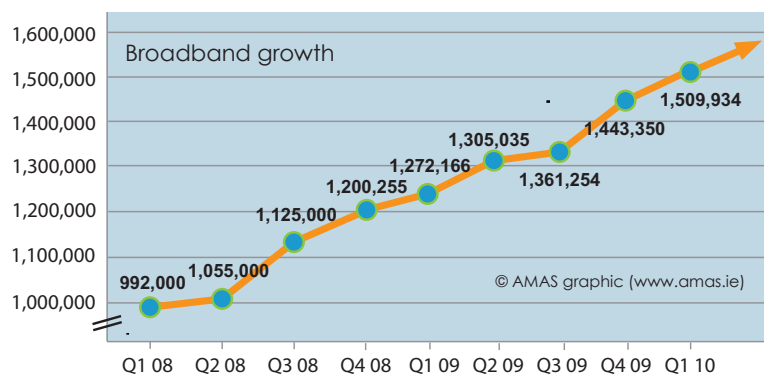
tested methodology across all markets.

Equivalent IAB research in other markets has accelerated the growth in online advertising, at the expense of traditional media. More mature markets, such as the UK and the Nordic countries, are reporting online advertising market shares in excess of 20%. Expect the next IAB Ireland study, for the first half of 2010, to start plotting that growth curve.

2. Broadband

A new high point has been reached in Irish broadband adoption, with the number of subscribers exceeding 1.5 million for the first time. ComReg data for quarter one of 2010 reveals that broadband demand has not been dented by the economic downturn, with quarterly growth at 4.6% and annual growth at 19.3%.

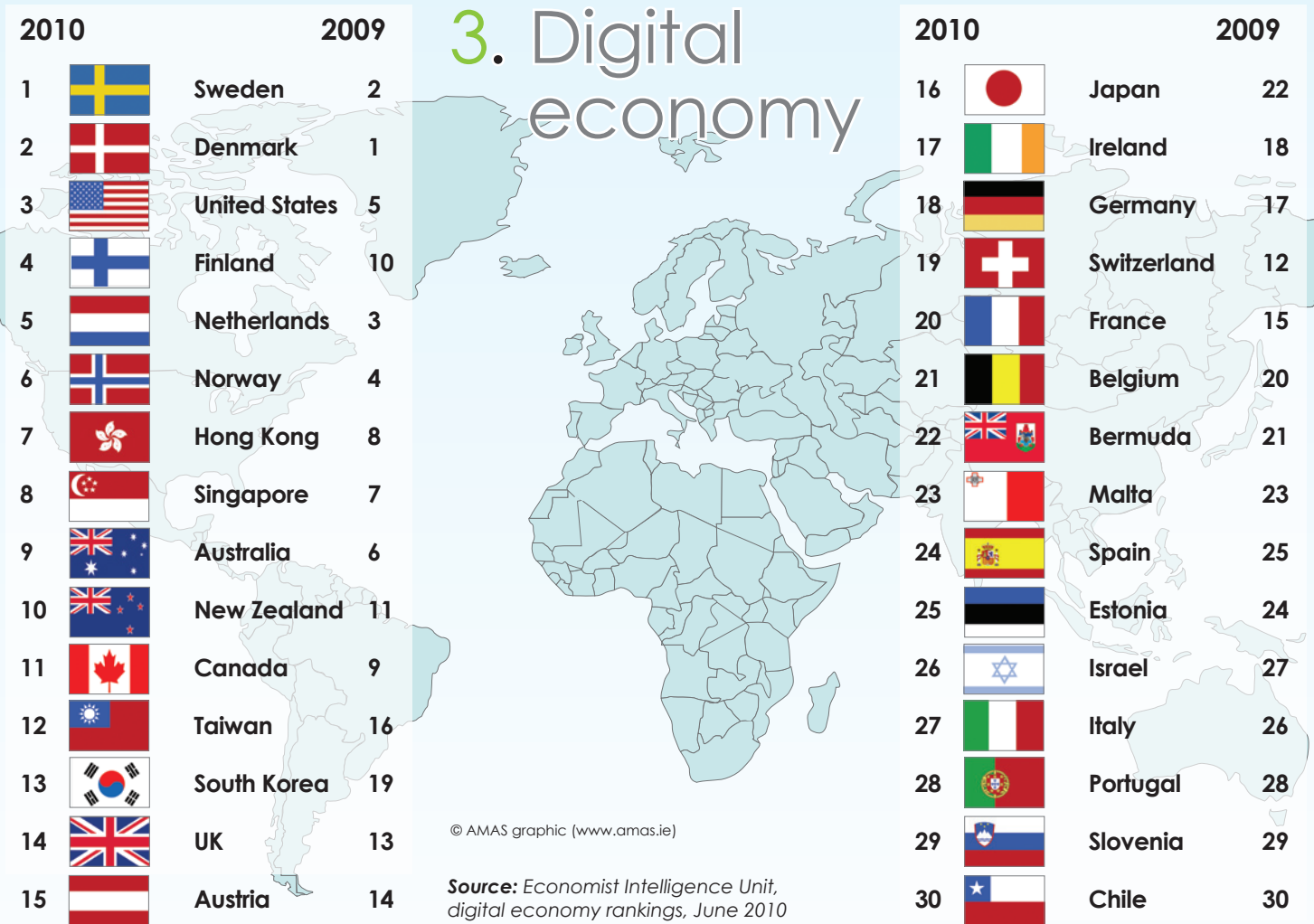
Mobile is the fastest growing platform, accounting for one in three of all broadband subscriptions. Year-on-year, mobile subscriptions grew by 47.2% with the rate of growth tapering off. The quarter one number translates into an increase of 9.7% on a quarter-by-quarter basis.



Source: ComReg Quarterly Key Data Report, July 2010

Top Trends

3. Digital economy



At last, an international economic indicator that has some good news for Ireland. The Economist Intelligence Unit (EIU) ranks Ireland in 17th place in a global scoreboard of digital economic activity. That's one place ahead on the previous year's score, within a whisker of the UK's ranking (14) and ahead of leading European economies such as Germany (18) and France (20).

The EIU uses a number of measures – connectivity, infrastructure, consumer and business adoption, government policy, as well as the business, social,

cultural and legal environment – to arrive at the scoreboard. Over the ten years it has been tracking digital activity, the EIU has made changes to keep pace with developments, for instance factoring the share of fibre optic access lines into its broadband scores and looking at 3G and 4G mobile subscriptions to arrive at a score for mobile adoption.

A breakdown of Ireland's scorings under the various EIU categories is revealing. In one category, "consumer and business adoption," Ireland made it to the premier league – ranking 8th of

the 70 countries covered. This heading measures successful implementation and evaluates "the amount that businesses and consumers spend on accessing ICT services, the extent and range of internet features used by individuals, their online purchasing activity, and the extent to which individuals and businesses use the online public services that have been made available."

This stellar result compensated for other categories, such as government policy and the legal environment, where the Irish scores were lower than Ireland's overall average.

the opportunity to win online

4. eCommerce

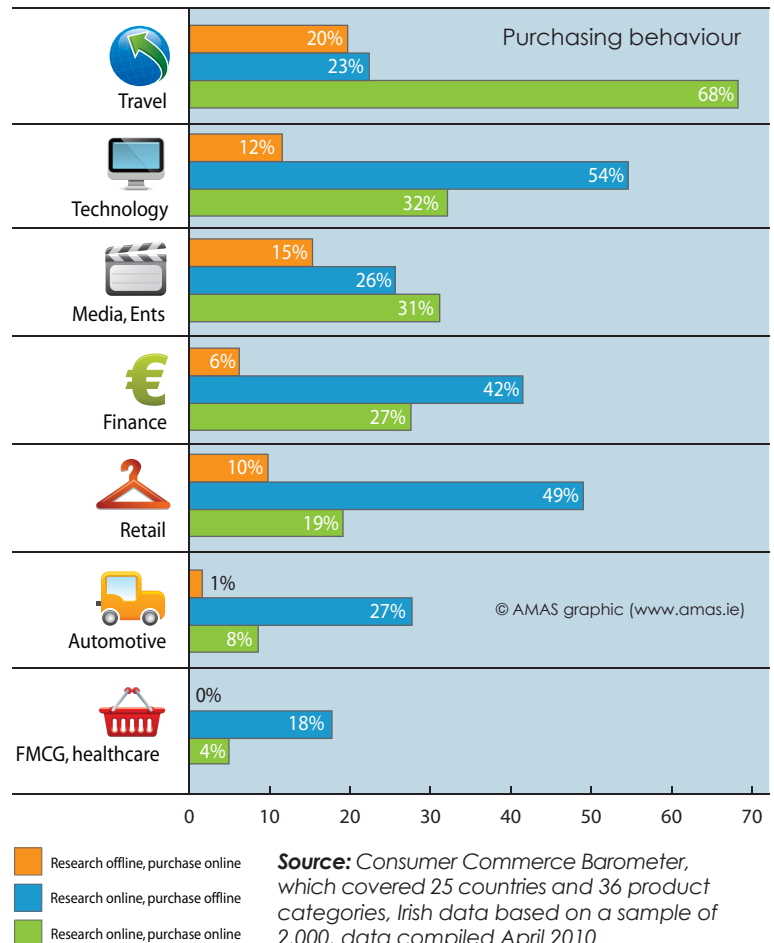
Not every business can sell its goods or services online but, increasingly, more and more purchasing decisions are being researched or influenced online.

Up to now the evidence has been mainly anecdotal. A consumer walks into a store, tries on a pair of jeans, notes the details and buys the jeans in an online store. Another reads reviews about new smartphones on gadget websites, makes a shortlist, visits a physical phone shop, tests the shortlisted phones and buys one. A third reads reviews on TripAdvisor, compares prices on a range of sites before using a deals website to secure the best rate for a weekend break.

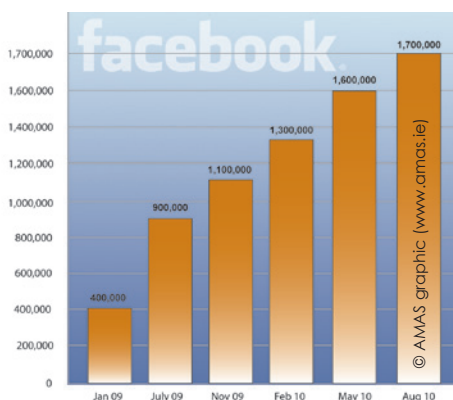
The Consumer Confidence Barometer tracks the consumer journey from research through to purchase. The research was commissioned by Google and IAB Europe, and carried out by market research agency TNS. It questioned 2,000 Irish consumers about their shopping habits.

It shows marked differences in purchasing behaviours across different sectors. Unsurprisingly, travel is the sector where there is the greatest level of online research leading to online purchasing.

What websites or online resources influence consumers? The Irish research shows a similar pattern across all sectors, with search being dominant (73% to 79% depending on the sector), followed by manufacturer websites (44% to 55%) and social media sites (21 – 25%)



Facebook users in Ireland



Source: Facebook, Jan 2009 - Aug 2010

5. Social media

Love it, loathe it, can't ignore it. Facebook is changing online behaviour and is becoming a powerful marketing and communications channel (but not one that suits all brands).

The number of Irish registered users on Facebook was 1.7 million in August 2010, four times what it was at the start of 2009. An active Irish user is likely to be on the site every day, increasingly accessing Facebook over a mobile phone rather than a PC, and using the site to socialise,

network and to share favourite internet content, from YouTube videos to news stories. Internationally, Facebook is closing the traffic gap with Google. Facebook was ranked as the number one website in June in the US, Canada, New Zealand, Singapore and Hong Kong, according to website traffic data gathered by Experian Hitwise.

Social networking sites such as Facebook are winning a greater share of advertising budgets, with campaigns being organised globally but using local content to reach and engage customers in specific markets.

Top Trends

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less than the price of a skinny latte – €1.59, €2.99 and €2.39 respectively – and must be considered good value against the cost of one printed daily newspaper (€1.80, €1 and €1.80).

There is a healthy demand, too, for free apps which are being used by traditional and online publishers to boost website traffic and engagement. Ironically, the top free app, from Sky, comes from the same stable as the newspapers that are trying to pioneer paid online newspaper content (Rupert Murdoch's News International) – with less than convincing results.

It would be foolish, though, to write off traditional media, particularly newspapers. International studies, such as the most recent from the OECD, don't sugar-coat the facts – newspaper circulations are in decline globally, advertising revenues are under threat and new business models need to emerge.

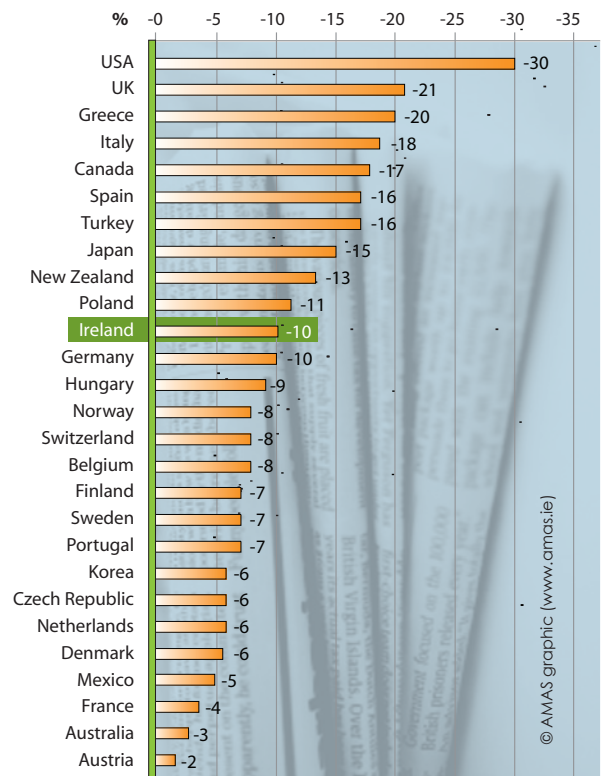
Source: OECD, *the evolution of news and the internet*, June 2010
(graph includes both online and offline revenues of traditional newspapers)

There is an expectation that established media organisations with strong franchises in their respective markets will reinvent themselves in the digital age.

As for quality journalism, new collaborative forms of investigative journalism are emerging through the internet. Citizen journalism means that authentic video, audio and other content from a warzone or the scene of a humanitarian disaster gets to our screens (TV, PC, mobile) within hours. New audiences are being found for "long form" journalism – powerful, well-written features from the likes of Vanity Fair – through Twitter and a range of other sites.

How this will all play out in terms of audience behaviour and the very survival of many traditional media organisations, is too difficult to call. One thing is sure – as new media patterns emerge, the churn and the change will continue.

Estimated newspaper revenue declines (2007-09)



© AMAS graphic (www.amas.ie)



Joan Mulvihill
CEO, Irish Internet Association

New skills will be 'engine room'

In today's rapidly changing digital landscape, upskilling and reskilling are very much the order of the day. For individuals, this is reflected in the major increase in CAO applications by mature students – up by 26% this year. Ongoing training and education by this group now accounts for 13% of all college applications, and new skills will be the engine room of economic recovery.

For Irish businesses too, there is a critical need for managers to learn or refresh their skills for a knowledge based economy, particularly in fast-growing areas such as eCommerce, social networking and mobile internet.

Online marketing will play an essential role in leveraging these new applications and technologies for greater return on investment. The challenge is to develop courses to enhance knowledge and skills in this relatively new discipline.

The Irish Internet Association, in partnership with Irish Times

Training and Prosperity Recruitment, has identified the core skills for this professional discipline.

Our new Diploma in Digital Marketing includes a FETAC accreditation (level 5 minor award) for participants who successfully complete a digital marketing plan, search engine assignment and research plan.

The new course builds on the IIA's experience over the past decade in providing training for internet practitioners, and gives participants a solid basis on which to build a digital marketing plan for

their business, helping it to become more efficient and more profitable.

The modules cover topics such as digital marketing strategy, search engine optimisation, online advertising, mobile web, website analytics, social media, online PR and digital trends. Gareth Dunlop (Ion Online Marketing), Colm Grealy (Adforce.ie), Krishna De (BizGrowthNews.ie) and Conor Pope (Irish Times) are among the speakers.

For further information on the diploma, check out www.ia.ie/diploma.

Is your reputation being trashed online?

BP, Nestlé, Honda, United Airlines and Dominos have something in common apart from being big brands – all have been badly mauled in the social media space. All have taken a battering from angry users of Facebook and Twitter.



Fiachra Ó Marcaigh
Director, AMAS

- Almost two years on, the top search results for Irish pork are still all about the contamination and recall in 2008

People are spending an increasing share of their media time on the internet. Much of that time is spent on social media, where

they express themselves, rather than just consume information.

Social media can focus and amplify ill-feeling that is already widespread. But even one angry person can attract a worldwide audience for a complaint (sometimes video or musical) that goes viral.

The reputations of brands, businesses and individuals face many new challenges in this environment. Among the questions business owners and managers must consider are:

They are not the first big brands this has happened to and they won't be the last. Other examples include Irish businesses (big and small) and individuals.

- The campaign against the Hunky Dorys adverts earlier this year had a large online aspect, with hundreds of posts on sites like Boards.ie, mostly negative
- Supermarkets, telcos and insurance companies are among those regularly trashed online by their customers. Expect to see phrases like "lousy service", "I hate" and "rip off"



- Who is talking about us online, where and what are they saying?
- How much influence do these voices have?
- What impact is this having on our business and how it is perceived?
- When should we join in and when should we ignore comment?
- What allies and assets do we have to monitor and protect our reputation online?
- Are our own staff helping or not?

Experience shows that it is often a customer, supplier or staff member who alerts a company to a reputational issue on a social media site. But it's not all negative –

some brands have turned social media to their advantage and are using these channels to understand customer sentiment, deal with customer service queries and market their brands. Listening, engaging and interacting with customers through social media delivers results.

AMAS: what we do

AMAS is an internet consultancy with a simple goal – help our clients to exploit the internet. Large corporates, government bodies and, increasingly, high-potential businesses retain us to develop and help implement internet strategies.

We cut through the clutter and the complexity to allow our clients to capitalise on the unlimited opportunities offered by the internet.

Services:

- Strategy
- Research
- User experience
- Content
- Training
- Marketing
- Project management

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From the AMAS blog....

Manage your social media presence

AMAS has launched Social Media Means Business, a programme to empower Irish businesses to manage their online reputations, launch campaigns and deliver gains through social media channels.

It combines strategic planning, practical implementation and training for effective use of social media.

For more information, contact AMAS on info@amas.ie or go to amas.ie/blog.

