

May 2013

DIGITAL INSIGHTS

Marketing Spend Effectiveness



- Consolidation of Internet and TV is advancing
- Coca-Cola's digital content-strategy 2020: Global brands as media companies?
- Innovative BMW i-concept focuses strongly on digital marketing
- Current OVK figures for the online advertising market 2012: double figure increase shows structural change in the media mix
- Structural changes on the IT-market: The triumph of tablet PCs
- Aldi focuses increasingly on digital marketing: farewell 'pork belly'?

aquarius Digital Insights – Marketing Spend Effectiveness

In the series „aquarius Digital Insights“ we intermittently collect and publish the most impressive trends and recent developments from various segments of digital business.

In this edition on „Marketing Spend Effectiveness“ we have assembled the following interesting topics:

- Consolidation of Internet and TV is advancing
- Coca-Cola’s digital content-strategy 2020: Global brands as media companies?
- Innovative BMW i-concept focuses strongly on digital marketing
- Current OVK figures for the online advertising market 2012: double figure increase shows structural change in the media mix
- “Advertising Re-imagined”: How brands can present themselves in a networked world
- Structural changes on the IT-market: The triumph of tablet PCs
- Aldi focuses increasingly on digital marketing: farewell ‘pork belly’?
- Digital, Social & Mobile: for the first time Coca Cola has a purely digital campaign’ The AHH-Effect’

Since 2008, we optimize marketing budgets for customers with > € 10 million of media spendings. Please find an overview of our methodology on page 14.

If you have any question regarding „Marketing Spend Effectiveness“ or other digital topics, please do not hesitate to contact us!

Enjoy reading!



Rainer Wiedmann
Managing Partner
r.wiedmann@aquarius.biz
+49 (89) 455788-11



Ben Bach
Senior Consultant
b.bach@aquarius.biz
+49 (89) 455788-58

Consolidation of Internet and TV is advancing

September 2012



24% of German households already own a web-enabled TV set and two-thirds are already using the web service. Producers such as Phillips or Samsung are coming up with different solutions to make browsing online via a TV set more tempting for the consumer. More and more devices can be navigated by voice recognition, gestures or particular smartphone and tablet PC apps.

The number of users in Germany imply that consumers don't accept the consolidation of Internet and TV (yet). Given that this is a fundamental change of the users' behavior, which has extended over several years, one cannot call it a rejection of smart TVs in such an early phase. TV viewers do actually browse the Internet while watching TV (i.e. to get information about running TV shows). But right now they mainly do it via other devices: The simultaneous usage of TV sets and mobile devices (tablet PCs 51% of the households, smartphones 49%, laptops 40%) is highly developed.

This picture is slightly different in the US: 34% of users of web-enabled TV sets (22% of American households) already use web services more than once a week. More than 20% of American TV viewers would like to purchase products, which were presented on TV right via their TV set. After all, the number in Germany already makes up 14%.

Even though smart TVs haven't gained acceptance extensively, the participation of Google and Apple in this market can be seen as a sign for its anticipated success. Right now software platforms and set-top-boxes Google TV and Apple TV (still) have to rely on co-operations and compatibility with hardware producers. The provision of operating systems (Android) and software is a typical Google strategy for all different hardware producers (see smartphones), whereas for Apple this kind of cooperation is quite unusual. It's hardly surprising that the launch of an Apple TV set is speculated on across sectors. There is no prospect of which provider with their standards will come out on top in the end. A co-existence of different designs just like tablet PCs and smartphones is possible. There is one thing that is definitely sure: The acceptance and usage of web services via TV screens is going to increase rapidly in the near future, because of growing handling intelligence.

Conclusion: In the near future companies do not only have to provide three, but four screens with custom-designed web services to acquire the customer's acceptance: PC, smartphone, tablet PC and TV. This should already be considered nowadays in regards to the planning of web activities. Whether every channel is used separately and use-case-based or a single appearance in dynamically conforming responsive design is the perfect solution depends on the business model.

Coca-Cola's digital content-strategy 2020: Global brands as media companies?

November 2012



In July an article by Ken Krogue in Forbes magazine, provocatively titled *The Death of SEO: The Rise of Social, PR, And Real Content*, led to a heated discussion. Krogue's hypothesis: in order to stay relevant in the future battle for the spotlight, consumer brands should invest in high quality content, social communities and PR. Global brands as media companies? A pretty radical vision for many in the sector. Yet on closer inspection, we can see that this is exactly the

path chosen by some of the most successful consumer brands.

Successful brands need innovation: Content Marketing of global brands

Red Bull is a pioneer of a kind of marketing which is becoming increasingly important in times of digital communication and social networks: Content Marketing. Highly professional videos, photos and articles create a picture of the brand from what it does and what others are saying about it – not from just what it says. The sports clothing brand Nike has become a content supplier with its own YouTube channel. And now the relaunch of the Coca-Cola Corporate Website has provided us with yet another spectacular example.

Coca-Cola's Content-Strategy 2020: From the excellence of creativity to the excellence of content

According to the NYT, the relaunch is the company's most ambitious digital project to date. The reason why: few other companies have so radically seized upon and applied the idea of Content Marketing like Coca-Cola is doing now. A kind of magazine has replaced the previous concept of a pure company website. The reports range from information and history concerning the brand and its products via economics, health or sport to questions about social responsibility and sustainability. The site's focus is on social media but in addition there is also a very large forum (in the future also concerned with viewpoints which differ from the company's) and an interesting navigation solution. It requires considerable effort to keep this complex magazine permanently up to date: four full-time and forty freelance writers manage the site. The team is the equivalent of the editorial staff of a magazine as A. Brown, Director of Digital Communication and Social Media, explained to the NYT. Daily output is defined by production dates and the editorial calendar. User comments, cooperative approaches through Crowd Sourcing, interaction with fans on Facebook, Twitter and other social platforms, market presence in Facebook style pages as well as direct collaboration with artists, the music and film industries should all create content through storytelling. Videos are not hosted on the home page but linked to YouTube.

In a YouTube video filmed back in 2011, the company shows what it means by storytelling and how the strategy behind the launch works: emotional stories at every single consumer contact point. What a contrast to the previous company websites shown in the third video!

Conclusion: The relaunch is spectacular and a very important sign of how social media is now very much part of marketing strategy, despite all the discussions about its value and potential as a sales channel. However, successful media strategies still need content. Content which is not just seen but will also be shared. One question is becoming increasingly important: Will the global brands of the 21st century become media companies? Coca-Cola and Red Bull, two of the most popular brands in the Social Web from this period, are consistently focusing on extremely professional content for greater consumer involvement. And are therefore competing with traditional media companies. It will be exciting to see how such a global concept is applied and further developed in the individual countries where these organizations are.

The relaunch of the Coca-Cola homepage: a magazine instead of the traditional corporate site.



Quelle: Coca Cola

Innovative BMW i-concept focuses strongly on digital marketing

January 2013



With BMW i, BMW has created a sub-brand which focuses on the car of the future and innovative mobility performances. Not without controversy internally, the premium supplier is emphasizing a holistic approach in which not only electrical cars belong, but most of all which redefines the understanding of mobility in an urban environment and which also includes services like car sharing or smartphone-apps for checking the vehicle data and for finding the recharging station.

The launch of the first BMW i3 is planned for the end of 2013 and the sporty Hybrid i8 should then follow in early 2014. Until that time, new ground will be broken, not just in the car production but also in the brand communication in order to generate enough interest. It is no coincidence that the 'i' makes you think of the brand from Cupertino.

New premium understanding also in brand communication

BMW has called its one year tour around the world 'Born Electric', which should create interest in its future sub-brand model worldwide in seven cities. Rome was the starting point of this tour in June 2012, followed by Dusseldorf and in November 2012 it was New York. Shanghai will be the final destination in June 2013.

In New York BMW showed what a world with electrical cars would really look like. In a spectacular outdoor event on 6th Avenue, cars driving by were captured on camera and projected in real time as BMW e-Cars onto a display window. In a week, the 'window of the future' transformed just under 250,000 cars into BMW concept cars which together would have saved around 493 million US\$ in petrol.

Social media is another strong feature of the campaign. On Facebook, BMWi has now reached just under 1.1 million fans, on Twitter, it has 141,000 followers. A Foursquare-appearance has complemented the communication from BMWi. In sales and distribution, there should also be innovations: the electrical cars will not just be sold from selected car dealers but, as Bloomberg reports, also available to buy directly online. Trained advisers should accompany the customers at every step along their journey into the world of electrical cars.

Conclusion: Following the distinctive 'cool' appearance of their own electrical cars, BMW is also carving out new paths in brand communication and is focusing strongly on digital marketing in order to appeal to technologically savvy, urban consumers. Digital showcase and digital retail – a very innovative approach to present the car of the future. It will be interesting to see how much this innovative concept attracts consumers. The basic price for an i3 will still be just under €40,000.

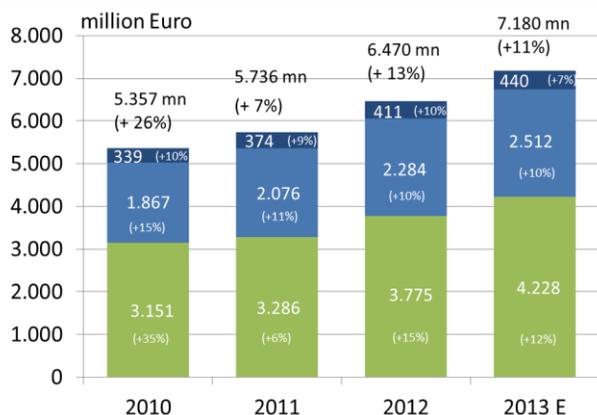
Current OVK figures for the online advertising market 2012: double figure increase shows structural change in the media mix

February 2013



The online advertising market rose by over six billion euros for the first time in 2012. And in this way emphasizes the relevance of the Internet as an advertising platform. This is shown by the latest investigation into gross advertising investments by the Circle of Online Marketers (OVK) in the Federal Association of Digital Business (BVDW). With 21.8%, the Internet has strengthened its position in the media mix as the second largest advertising medium after TV and has widened the gap between itself and the printing market for the third year running. Even in 2013, expenditure on advertising is expected to grow once again by double figures and cross the 7 billion euro mark by the end of the year (+11% to 7.18 billion euros). The individual figures: last year the online advertising sector reached a gross advertising volume of 6.47 billion euros. This means business with Internet advertising significantly crossed the 6 billion euro mark for the first time. Traditional online advertising had an increase of 3.78 billion euros which represents 15% up on the year before. In second place is search term marketing with an advertising investment of 2.28 billion euros and a growth rate of 10% compared with 2011. Also with an increase of 10% are the affiliated networks with 411 million euros. These figures are based on an evaluation of the quality of the 19 biggest marketers in Germany who cover 75% of the market. Not considered, however, are the customary advertising discounts.

Increasing online-turnover: The gross share of the diverse online disciplines in the advertising pie is expanding



	2010	2011	2012	2013 E	
Affiliate	339	374	411	440	mn
Search Engine Marketing	1,867	2,076	2,284	2,512	mn
Online Advertising	3,151	3,286	3,775	4,228	mn

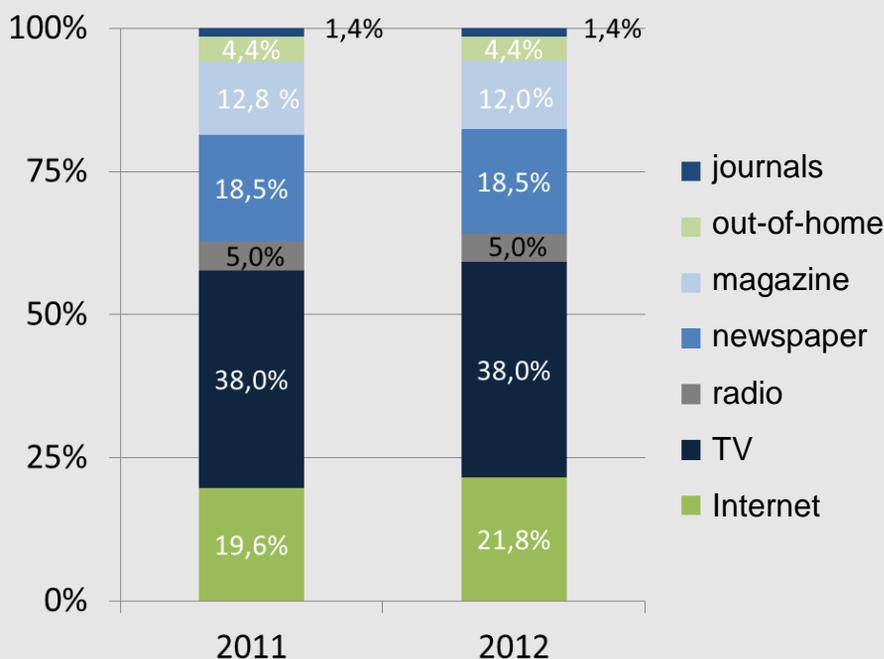
Source: OVK / BVDW 2012

The gross share in the advertising pie is increasing: 22% of the advertising budget flows into the online medium

The share of online advertising in the whole advertising pie, according to BVDW reports, represents more than one fifth (21.8%). Television remains an important advertising medium with a market share of 38.2%. Newspapers and magazines together make up 30.4% (-2.3%). For the year 2013, the BVDW is expecting a sustained growth rate and predicts a further increase in the online share of 11% to 7.18 billion euros.

Conclusion: The current OVK figures are an impressive proof of the relevance of the Internet as an advertising medium: in 2012, over one fifth of gross advertising investments went on those on the Internet, a share of 21.8%. That means the online medium increased its share last year by 2.2 percent and consolidated its strong position in the media mix. At the same time, the Internet has further reduced the distance behind television, the leading advertising medium (38.2%). This can only mean one thing: that more and more companies are investing their budgets where the customers are.

Increasing online-turnover: The gross share of the diverse online disciplines in the advertising pie is expanding



Quelle: OVK / BVDW 2012

“Advertising Re-imagined”: How brands can present themselves in a networked world

March 2013



We are all aware that online advertising can sometimes come across as boring and it's also obvious that it is in Google's interest that users have as many clicks as possible since it makes a pretty good living from advertising. So the search engine giant has recently been pushing a project called 'Art, Copy&Code' in order to 'invent online advertising anew' in its own words.

With the motto “Advertising Re-imagined” Google gave its first glimpses of the project at the SXSW-Festival in Austin which show how innovative advertising and brand experiences could be in the future if, along with the creative idea (Art) at the start, the right subtext (Copy) and an innovative technical approach (Code) were integrated. Together with brands like Volkswagen, Adidas and Burberry, Google has created an advertising platform which uses real things like cars or shoes in order to tell stories in a completely different way.

Cooperation with Volkswagen: 'Smileage'-App, driving with the fun factor

Smileage is a mobile application with the aim of having more fun on every journey. The routes, possible stops, the weather, the traffic and, of course, social networking are recorded into a kind of digital roadbook. The fun factor of the journey ('Smileage') is then calculated from all this data. Friends can take part in real time – which is certainly fun on a weekend trip through the mountains but perhaps not on an ordinary Monday morning in a traffic jam.

Cooperation with Adidas: A sports shoe with Bluetooth that can speak

A shoe that can talk to its owner via sensors which measure speed and gives tips for improvement – unfortunately it will not be available to buy. With this prototype, Google is rather conducting a further experiment in the realm of networked objects and wearable technology. Thanks to Bluetooth, the shoe communicates with the outside world and can be connected to a smartphone or tablet. Whoever spends too long on the sofa will certainly be motivated by the shoe's slogans.

Conclusion: In the coming weeks Google is planning to publish further experiments on its project website. We can look forward to this as the project impressively demonstrates how brands can present themselves in the networked world of the future. Through the digitalization of things, the users also generate more and more data. This can then be analyzed and turned into profit by a company like Google. It will be interesting to see just how far these innovative ways of advertising can be integrated into the mainstream.

Structural changes on the IT-market: The triumph of tablet PCs

April 2013



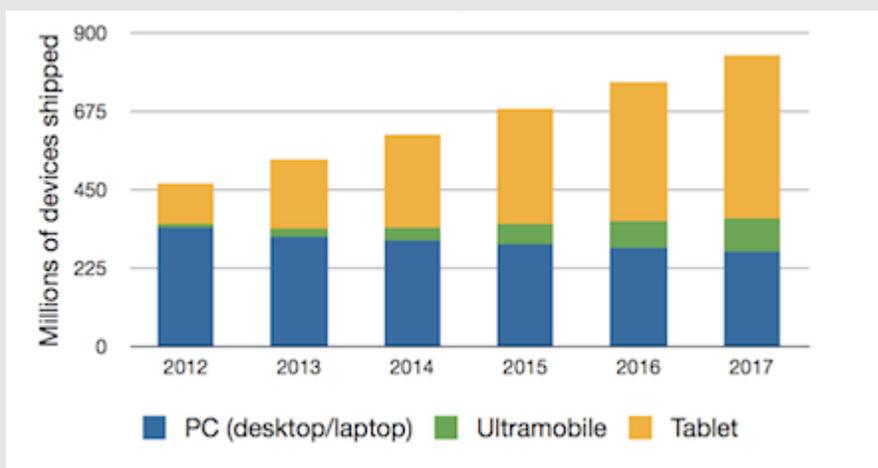
It is going to happen in no later than four years: the traditional PC with mouse and keypad is going to be transformed into an end-of-range model. According to the latest Gartner-survey, the sales of tablet PCs are going to increase from 116 million to 468 million devices between 2012 and 2017, whereas the traditional desktop computer sales, which will be outpaced by tablet PCs soon, are going to decrease from 341 million to 272 million devices over the same time period.

According to a Handelsblatt interview, Gartner analyst Carolina Milanese does not see the reason for the decreasing demand for PCs in an eventual economic dent, but especially in a long lasting change of the user behavior. Users use their devices more and more for media consumption and entertainment, thus for browsing, videos, games, music or reading. There is not going to be an advance towards a second computer, unlike Gartner had predicted some time ago.

Disruptions also take place on the operating system market

The movement of the operation system market is highly influenced by the increasing focus on mobile devices, such as smartphones and tablet PCs. Dominating winner: The operating system Android by Google.

Tablets: Ready to take over?

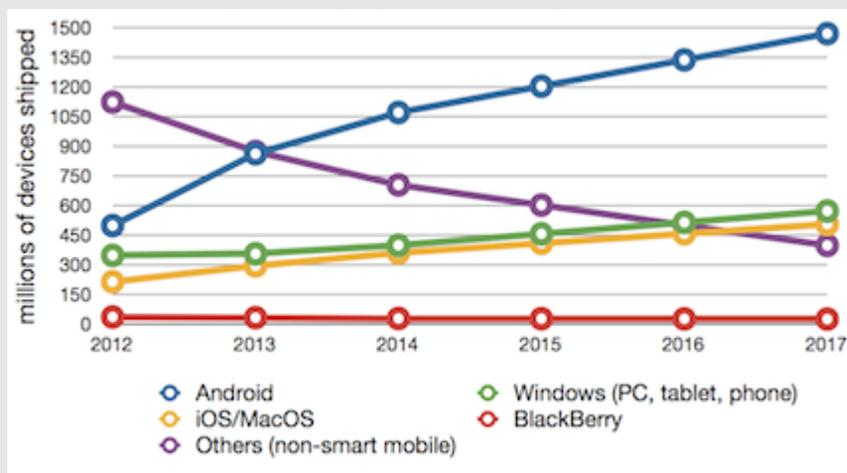


Quelle: Data by Gartner / Graph by theguardian

Thus, according to Gartner, there are going to be approximately 1.5 billion Android devices on the market in 2017. Microsoft Windows, leader of the PC market, follows with 571 million users. These numbers are mainly reached by the use of mobile devices with Windows 8 and Windows Phone 8. Apples iOS and OS X (504 million users) follows on third place.

The latest IDC figures impressively show this tendency: According to these, the PC sales had a 14% decrease in the first quarter 2013 in the annual comparison. The predictions were not more than 7%. More and more users see tablet PCs and smartphones as a reasonable replacement for traditional PCs.

Google Profiteer: The Android operating system by Google



Quelle: Data by Gartner / Graph by theguardianreis (OVK)

Conclusion: Tablet PCs, which only made their breakthrough in 2010, will become the most important digital devices. This news additionally alerts traditional PC producers, such as Dell and Hewlett-Packard, as well as other companies like Microsoft and Intel. They have to adjust to an extensive structural change in the IT market and changing user preferences. The traditional PC with mouse and keypad is going to be transformed into an end-of-range model. The effects for brands and their marketing are not to be underestimated. Mobile advertising is still in the early stage of development. Companies increasingly seem to understand the importance of mobile devices and concentrate more and more on “Mobile First”.

Aldi focuses increasingly on digital marketing: farewell 'pork belly'?

April 2013



Aldi is once again in 2013 the most valuable retail brand in Germany according to the current Interbrand Rankings. With a market value of 2.92 billion US\$ and a big lead (still), the discounter is in first place but had to accept losses of 11 or rather seven percent, while competitor Lidl made its way into second place with a market value of 1.52 billion US\$ and a profit of eight percent. Aldi ranks as the most conservative company in retail. The so-called 'pork belly' adverts are

legendary. And good business for newspapers. Until now. There are increasing signs that Aldi is reconsidering its media strategy and is focusing on a stronger presence on digital channels. Does this mean the end of the printed word?

Already in 2011, there were hints of a rethink when the adverts for traditional groceries in North Rhine-Westphalian newspapers were increasingly replaced by flyers. According to information from the trade journal Horizont, the discounter has been advertising its daily offers since the middle of March through a massive online campaign on wide reaching sites like Ebay, GMX and Web.de. The test markets of the targeting campaign are Baden- Württemberg and Bavaria.

Further indications of a stronger digital presence are the recently relaunched Homepage of the discounter as well as the first tentative steps onto the social web. Since the beginning of the year there has been an Aldi South Facebook site which has now gained just over 12,000 fans. A figure which doesn't carry much weight for Aldi but which signifies more transparency for the company. The bulletin board is open to all users and messages from customers are answered fairly quickly within two hours. Content wise, the company is concentrating on pure sales strategy and gives sneak previews of up to five offers per week. Aldi is also taking its first steps into the mobile sector. The App from Aldi South may rank among the top 10 shopping apps in Germany but it's clear that it also has the added value of giving a campaign overview.

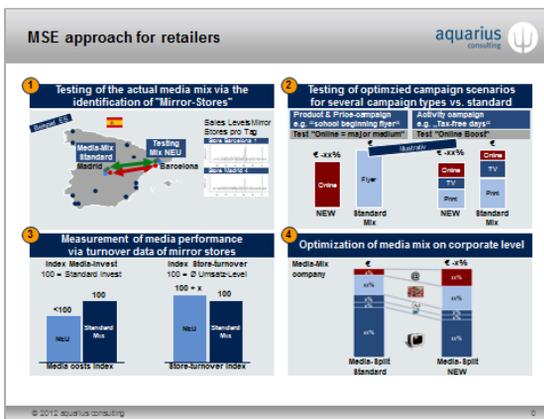
Conclusion: It is interesting to see that even a company like Aldi can no longer react to the ever changing customer needs and the structural change in retail. It is increasingly the customers, not the brands, who set the rules. They expect a brand experience online. Printed matter will certainly not be abandoned overnight but the newspaper publishers are worried. For if Aldi strengthens its digital advertising and focuses on the 'virtual pork belly', it means there will be significant shifts in the advertising market. Other retailers will follow in Aldi's wake and increasingly restructure their budgets.

Our methodology in the field of Marketing Spend Effectiveness

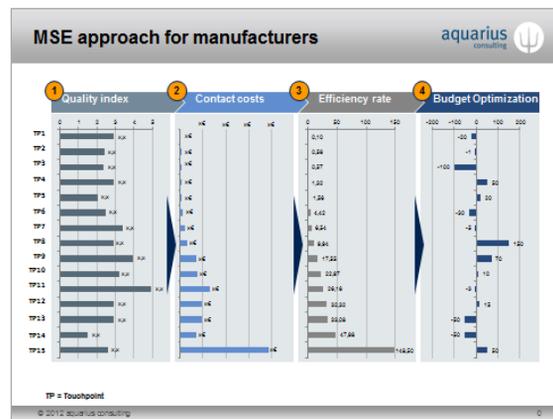
Decreasing marketing budgets force companies to rethink about their established marketing mix. aquarius is evaluating individual improvement potentials for their customers on the basis of a systematic efficiency check of existing marketing activities. A budget reallocation in favor of digital media can help to develop an optimized, marketing oriented channel and activity mix and vice versa.

The applied methods distinguish between manufacturing and retailing companies due to the measurable effect on sales at the latter. At the former we optimize the contact programs along the brand funnel.

MSE approach for retailers



MSE approach for manufacturers



© aquarius consulting

Do you plan own activities to improve your Marketing Spend Effectiveness?
 We appreciate to support you.

Please contact:

Rainer Wiedmann
 Managing Partner
 r.wiedmann@aquarius.biz
 +49 (89) 455788-11

Are you interested in other digital topics?

On request, we would like to provide you with the following aquarius publications:

aquarius Studies



eCommerce in China today:
Growth | Potential | Challenge
(EN)



eCommerce in Deutschland:
Herausforderungen und Chancen
für Hersteller von Konsumgütern
(DE)



China Primer:
Digital Business in China
(EN)



Marketing- und Vertriebseffizienz
im Digitalen Zeitalter
(DE)

aquarius Digital Insights



aquarius Digital Insights:
Social Media (EN)



aquarius Digital Insights:
eCommerce (EN)



aquarius Digital Insights:
Digital Asia (EN)



aquarius Digital Insights:
Mobile (EN)



aquarius Digital Insights:
Social Collaboration (EN)



aquarius Whitepaper:
„Das mobile Internet als Informations-
und Absatzkanal in Deutschland“
(DE)

Sign up for our free eNewsletter on: www.aquarius.biz/en/newsletter/

We keep you informed about the latest developments and recent trends in digital business.

Please contact:

Anna Metzger

Business Development

a.metzger@aquarius.biz

+49 (89) 455788-25

About aquarius

aquarius consulting is a strategy and communication consultancy specialized in digital media and eCommerce. We are based in Munich, Shanghai and Hong Kong. Since 2005, we advise our customers worldwide in 47 countries and in 41 languages on all segments of digital business. Our consulting team consists of strategy consultants with expert knowledge based on years of industry- and consulting experience.

aquarius works closely with its sister company aquarius solutions to provide complete project management including strategy, conception, development and implementation. The team of aquarius solutions has substantiated experience of conceiving and implementing digital marketing and sales initiatives – online and mobile.

aquarius consulting GmbH

Prinzregentenplatz 14
81675 Munich
www.aquarius.biz
Info@aquarius.biz

Munich | Hong Kong | Shanghai

