

I CONTENTS

Preface 7

Acknowledgments 9

Part 1: Why existing brand strategies are not future ready

Chapter 1: Digital 1st brands **12**

Chapter 2: The evolution of the internet: reading, buying, branding **21**

Chapter 3: The new digital consumer **46**

Chapter 4: Thinking mobile 1st **52**

Chapter 5: The future of media **68**

Chapter 6: What onliners and offliners can and should learn from each other **77**

Part 2: Digital 1st thinking and 4D brand building

Chapter 7: Digital 1st audience targeting **104**

Chapter 8: Digital 1st content and campaigns **121**

Chapter 9: Digital 1st KPIs **159**

Chapter 10: Digital 1st evaluation and optimization **168**

Part 3: Timely and timeless aspects of brand strategy

Chapter 11: Past and future in a Digital 1st brand framework **180**

Chapter 12: The timeless power of the big idea **209**

Part 4: Data-driven decision making in the digital age

Chapter 13: The ten most common data traps **222**

Chapter 14: Combining digital data and 'traditional' research **232**

Chapter 15: Data and privacy **245**

Part 5: Digital transformation of your strategy & organization

Chapter 16: Top ten barriers for digital transformation **248**

Chapter 17: Vision, goals, and actions: experimenting your way into the future **252**

Chapter 18: Making the most out of automated marketing technology **259**

Chapter 19: Embedding digital thinking in your organization **273**

Chapter 20: Be ready to get punched in the mouth **282**

Summary flow for building your Digital 1st brand strategy **284**

Appendices

Appendix 1: Brand mission worksheet **288**

Appendix 2: Brand identity worksheet **289**

Appendix 3: Community interests worksheet **290**

Appendix 4: Character worksheet **291**

Appendix 5: Target by choice worksheet **292**

Appendix 6: Target by data and context worksheet **293**

Appendix 7: Dynamic creative worksheet **294**

Appendix 8: KPI funnel worksheet **295**

Appendix 9: Examples of micro-conversions per industry **296**

Appendix 10: Examples of data signals (target by data) **297**

Appendix 11: Examples of targeting methods (target by context) **298**

I PREFACE

In the early stages of my career I often wondered whether I should be doing something more meaningful with my life than helping marketers build better ads to entice people to buy products they don't really need. But over the years I've learned that marketing and brands can offer a lot of value to people and society – if they are managed in the right way. Too many marketing organizations and brands have become copycats, imitating and slightly tweaking what they or their competitors did in the past. This leads to pseudo innovations which research has shown results in consumers not really seeing a substantial difference between brands and products.

However, if companies and brands are managed with knowledge, vision, and passion they can offer great products and services to enhance our lives, inspire us, and make us laugh; they can help people find their place in this world, they can teach us things, help us raise our children, and make the seemingly impossible possible. It is for those brands and companies that I love to work, helping them to make the most out of new digital technology. Digital offers many opportunities for adding richness to brands, but only for those who dare to experiment with the new creative canvas, those willing to reinvent strategy over and over again.

This book is for people who do not just come to work because they get paid to do so. It is for professionals who really want to make the biggest possible positive difference, which in the long run is the best way to build a sustainably successful business. If you want to make a positive difference you might need to change the way the people around you work. This may put you at risk, because many people find change threatening. But I know from experience that the most meaningful road sometimes feels like the bumpiest one. The feeling of doing something meaningful and innovative is the biggest reward you can get.

I hope my book inspires you to walk that route of building real innovation and real brands for real people using the latest and greatest technology available to you. As a result I hope you'll produce the next great branding case that our industry can be proud of and inspired by.

I wish you all the best and hope you enjoy the book!

I ACKNOWLEDGMENTS

This book is the product of a full career of cooperation with a wide variety of professionals: colleagues, clients, partners, and friends. I feel that I have learnt at least one thing from every professional I have ever worked with. It is through interaction with others that we learn most, and for that I owe gratitude to all the people who have shared their thoughts, questions, objections, doubts, feedback, feelings, support, observations, and more with me over the years.

There are a few people I'd like to mention specifically: some because of the useful feedback they gave on early versions of this book, others because of valuable skills or insights they taught me and that have been valuable for the content of this book. I would like to express my gratitude to Gijs van der Kolk, Marco Pfrang, Susan de Grijp, Tamar van de Paal, Jasper de Valk, Pepijn de Rijk, Tjibbe Renkema, Edward Jonkers, Maarten Hoogendoorn, David Benson, Kirk Vallis, Peter Juszczynski, Sam Dickinson, and Derek Scobie. The content of this book would not be what it is without you.

Above all, I want to thank my wife, Claire Merks-Benjaminen, for supporting and encouraging me in spite of all the time it took me, and of course my ten-month-old daughter Ayana who helped in demonstrating L'Oreal's make-up genius app.

PART 1

WHY EXISTING BRAND STRATEGIES ARE NOT FUTURE READY

CHAPTER 1: DIGITAL 1ST BRANDS

I predict that in 2025 eighty percent of all global advertising spend, including TV, radio, print, cinema and outdoor advertising, will be fully digital and served through programmatic buying systems (automated digital trading systems).

We can argue about the exact timing and the exact percentage of the advertising spend that will become digital and automated. We can also argue about the exact definition of programmatic buying. In fact, I have dedicated a whole chapter in this book to discussing the topic of programmatic buying and it is very well possible that in 2025 it might have a completely different name. There are a lot of other points we could argue about, for instance, when advertising is served in a digital magazine that is read on a tablet, is that still print advertising? But these are details. What matters is that the majority of all media consumption will inevitably become digital and that the majority of all advertising buying and serving will become automated in some way. In 'Global Entertainment & Media Outlook' PwC predicts that 2018 will be the first year in which global digital advertising spend will be larger than global TV spend. Predictions vary, and variations naturally increase if you look further ahead, but rather than arguing about the details, I feel it makes more sense to ask ourselves some critical questions. If the majority of all advertising is booked through digital channels in automated trading systems, what does that mean for our advertising strategies? How will the dynamics of brand building change? Are we running the right experiments to be ready for this change?

IMAGINE THE FUTURE

In order to answer these questions, we need to make some assumptions about what the media landscape will look like as a result of digitization and automation and the impact of the changes on your advertising strategy. For instance, I expect one of the key implications of digitization will be an endless amount of choice for consumers. All video sites will be TV channels and all TV channels will be video sites, so there will be many more TV channels than we have today although you won't really be able to call them TV channels since the TV content will be served through the exact same digital infrastructure as the videos on sites like YouTube. Think about Netflix for instance: is Netflix a TV channel or a video site? The line between magazine and website will be completely blurred: websites with compelling design, a great mobile experience, and great textual and visual content will offer the same experience as a magazine. Radio

channels will compete with both audio and video sites that have found smart algorithms similar to the radio-function you already have on Spotify, where you can click on a song or artist to create a radio station with similar songs. Those same sites will have curated playlists like Spotify already has. Some of these playlists will be created by professionals, but many will be created by users of the service and an algorithm will bring you exactly those playlists you are most likely to enjoy given the mood you are in now. Even live radio will have digital competition from millions of users broadcasting live shows from their bedrooms. Among those millions of wannabe DJs there will inevitably be some really good ones and again, algorithms will help in finding and bringing them to those people most likely to enjoy listening to them.

Consumers will have an endless amount of choice and as a result they will have a much lower tolerance for annoying ads. If YouTube served ad breaks of ten commercials or more they would lose the majority of their users because there are many other video sites to choose from. The same will be true for almost all media in the future, so there will be less room for push advertising in general. In fact outdoor advertising is the only medium I can think of that is less vulnerable to this dynamic. Even though outdoor advertising will most likely largely become digital and programmatic, the 'content' *around* billboards (the physical environment around the billboard) will always remain offline. It is the abundance of content choice that results in people zapping if there is too much advertising. While for TV advertising the content consists of TV programs that can become available in digital format, which means TV content needs to compete with all the other video content out there, outdoor is one of the rare media where the context *around* the ads isn't really changing. And even that isn't entirely true because smartphones are in fact a way to zap away from things you don't want to see (or forget to pay attention to) in the physical world. I am pretty sure people have started paying less attention to outdoor ads since the rise of the smartphone, so even there you have more options for zapping away from ads you don't want to see. In the digital world there is unlimited storage so there is an unlimited amount of content to choose from. If someone places annoying ads that block your engagement with the content you love, you can easily zap away to find that or similar content in a different place. The big implication for advertising strategies is that there will be fewer ads and less push advertising.

Of course, many of the ingredients of that future scenario are already here now. Experiments with programmatic buying of TV advertising, outdoor advertising, and radio advertising have already begun. Platforms like Netflix, HBO, and YouTube give us a flavour of what happens when TV digitizes. Printed magazines have already taken a big hit because of competition from digital content. Understanding the future is mostly a matter of observing the early signs that are already here and piecing them together.

ARE YOU READY FOR THE FUTURE YOU IMAGINE?

Imagine a world where outdoor advertising is the last mass push medium left.

Imagine a world where people only watch ads *they want* to watch at moments that suit *them*, rather than ads *we want* them to watch at moments that suit *us*.

How would your brand and advertising strategy change? Which of the things you are doing now would no longer work? Which assets and skills are you lacking? Would your job still exist? And which parts of your strategy and skills would still be useful or maybe even be *more* useful than they are now? That is the focus of this book, *Online Brand Identity: the ultimate guide to designing your (digital) branding strategy*. I have put the word *digital* in brackets because in this future scenario there will no longer be a separate digital element to your strategy. Digital will be at the heart of almost all brand and advertising strategies.

So are we ready for that future? Right now I don't think we are. Many companies have built successful business models utilizing the unique capabilities of the digital landscape, but most of those focus on what we call performance advertising: running ads with the objective of generating short-term sales. Those who best understand digital capabilities tend to be those who have learned how to optimize their ads real time based on direct purchase behaviour. Those who understand brand building however, have used the internet way too little even though it offers great opportunities for building engaging brand experiences and reaching broad audiences. Most 'traditional' brand builders haven't really made the internet the basis of their brand building. They still base their media plan on the use of offline media with a line of digital

Media channel	Format	February				March				April					May	
		5	12	19	26	5	12	19	26	2	9	16	23	30	4	14
TV																
Motivational registration	60"/40"/20"															
Talking to Scotland editorial platform	12 trans a week															
Radio																
Registration (target under registered)	40"/20"															
Motivational/registration	20"															
Leaflet support/last minute call to action	20"/40"															
Editorial Platform	60"															
Press																
Launch	Full page / 30x5															
Registration	Full page / 30x5															
Leaflet support	25x4 / Platforms															
Last minute call to action	Full page / 30x5															
Local press	Full pages															
National and regional reminder	Full pages															
Editorial Platforms																
Outdoor																
Online																
	Display															

Figure 1.1: If your media plan looks like this, with one line for online advertising, your plan is not future ready

bolted on, just like the example in Figure 1.1. In fact this is what most media plans look like nowadays: one line for each offline medium and then (often at the bottom) one line for digital. Many media plans still use offline media for branding and digital for performance. We often call it 'above the line' and 'below the line'. But digital isn't one medium in the mix, it is a full media mix in itself that can work across all stages of the consumer journey. In fact, digital is *the* media mix of the future.

If you don't start looking at digital as a full media mix you won't make the most of it.

USING NEW STUFF IN OLD WAYS

Even if brands use digital for branding purposes we often see it used as if digital were an offline medium. The worst case scenario is putting your TV commercial online with demographic targeting. Digital offers a much broader creative canvas for interactivity that isn't limited to a thirty second video and digital offers many better ways of targeting than demographic targeting. Most brands don't make the most out of digital for their branding strategies. Not because their people are stupid or because they don't see the importance of digital, but because changing a strategy that has worked well for many years is very hard. In a strategy that puts digital at the heart of all branding, almost everything you do changes: you have to think about your audience differently because targeting offers new and better opportunities, you have to build ads differently, you need to start building branded content and you need to learn to create engagement through interactivity. The way you buy, serve, and optimize campaigns is different and the way you measure impact is different. As a result of all these differences organizational structure needs to change: you need new skills in your organization and people from separate departments and agencies need to start working together. You need different technology and professionals and teams within the organization need new targets. There is a whole new creative canvas out there, both for distribution and creation of ads and (branded) content. We are just at the beginning of learning how to make the most out of that opportunity.

On the other hand, offline media and mass communication still work fine for most brands, so why change a winning strategy? My answer is that a fully digital future is inevitable and making the changes described above will take time. Building a learning curve and restructuring an organization is not something you can do overnight, by the time you see the first signs of acceleration of media consumption shifting towards digital, or notice traditional branding strategies failing, you are most likely already too late.

The experiments required to make your organization future ready have to start now.

DIGITAL 1ST BRANDS

As Head of Digital Transformation for Google I work with the top 100 brands, because almost all of them are in the process of digitizing their brand and advertising strategies. Even though digital change is a priority for all these companies, only a few really make the most of the internet in bringing their brands to life, but they are conscious of that fact and that is the first step towards being future ready. Only a handful of brands had an early understanding of the urgency of the need for a digital strategy, and much of their work has been award-winning. The uniqueness of their work lies in the fact that they took digital thinking as the starting point for their brand and advertising experiments and then extrapolated that towards offline media instead of the other way around. I call these inspiring examples 'Digital 1st brands'.

Particularly interesting are those brands that built their success *before* the internet became big, in some cases even before the internet existed; brands that built their experience and crafted successful strategies in the offline world and then managed to turn that around towards Digital 1st thinking. So we are *not* talking about the Googles, Amazons, Apples, and Facebooks here. We are talking about even bigger heroes, the ones that had the courage and audacity to build on their proven success strategies by diving head-first into the digital space: experimenting, trying, measuring, optimizing, failing, improving until they got it right. Dove, Nike, Adidas, Burberry, Red Bull, Coca Cola, McDonald's, KIA, Nivea, Pepsi Max, Fiat, Philips, Lancôme, IKEA, Hot Wheels, Tipp-ex, Toyota, Jaguar, Converse, Mercedes, Burger King, Volvo, KLM, Bose, L'Oreal, and American Express are examples of brands whose accumulation of great work has been the inspiration for the future ready brand model that is presented in this book. I don't believe any of the brands have nailed the full brand model that I describe, but for every element in the model there is at least one brand that ran a successful experiment proving that this way of thinking works. The model organizes all these great experiments into one coherent structure. The innovations in brand building that these brands brought to life are hard work and they require courage, so it isn't surprising that almost all of the cases I discuss are award-winning.

RIDING THE WAVE OF CHANGE

None of those brands had any guarantee of success when they started their journey towards digitization of their brand and advertising strategies and all are still in the process of creating a future ready brand organization. Even so, the brand managers, media managers, CMOs, marketing directors, and digital directors of these companies managed to convince their senior leaders that this was the way to go and they went all-in because they knew it was the right thing to do. They knew it was the only way to be future ready and they gambled on gaining a competitive edge by being on the peak of the wave of change. Most likely they felt that experimenting with cutting edge strategies was a lot cooler than just going through the same routine of a proven process every time a new campaign came around. Innovation is the best way to maintain the excitement and energy that gets you out of bed and off to work every day. The professionals working for these Digital 1st brands are, in many ways, an inspiration for others in their field of work.

You may say these are the brands that have the budgets to take risks and that therefore it is much easier for them to do this kind of cutting edge work. That may be true in some cases, but these are also the brands where the most money is at stake, where the most eyes are watching, and where there is most demand for proof of ROI.

Proving ROI of something you have never tried is close to impossible.

In such cases it takes a lot of guts to go ahead anyway and put your head on the line. But it isn't just the big brands who have followed this path, there are many great examples of smaller brands that have successfully made the shift towards Digital 1st thinking. I would even suggest that runner-up brands are more likely to adopt Digital 1st thinking because they have both less to lose and more to prove, and their organizations are mostly smaller so mobilizing people to change is easier. I have therefore also included many examples of the Digital 1st strategies of less well-known brands with smaller budgets.

BEING YOURSELF VERSUS CHALLENGING YOURSELF

An interesting insight arises if you observe the strategies of Digital 1st brands over decades: some elements of their brand and advertising strategies never change. Some aspects of brand essence, some skills for building strong brands and great advertising are timeless. This is why the art of sustainable brand management comes to life in its most beautiful form when 'traditional' brands make their way into the digital century. These transformations offer a unique insight into the delicate balance between staying rooted in core brand values, while keeping the brand fresh and young over time, the balance between *being* yourself and *developing* yourself, the balance between building on your knowledge and challenging your knowledge, between trusting you are right and accepting you are wrong. These delicate balancing acts apply at the level of the brand, the organization, and the individual professional. Only if the optimal balance is established on all three levels, can brands successfully make their way in this new digital era. Because the shift towards Digital 1st thinking offers such unique insight in the universal versus changeable truths of brand and advertising strategies, it not only helps you to make the transition towards digital strategy, it also helps you to be ready for *any* fundamental change still to come. So this book is also about getting and keeping brands future ready.

This book is for all professionals who are responsible for one or more brands or that work in advertising, either on the advertiser or agency side. In the future of branding and advertising many tasks that tend to be handled separately from each other will need to become seamlessly integrated: creative strategy and media strategy are merging, marketing and branding are becoming inseparable, and data and technology will need to go hand in hand with creativity. This book aims to unite professionals to define the future of branding together. If you are a marketing manager, a brand manager, or CMO you'll find a brand model that puts the brand at the heart of your strategy and that helps in making the most out of digital to give depth and

credibility to your brand. If you are a media strategist, media manager, or communication professional you'll find a model to make the internet your media mix of the future. If you are an art director or strategist at an advertising agency you'll find lots of inspirational cases leveraging the full digital creative canvas to build engaging brand experiences. If you are an expert in E-commerce or performance advertising you'll find an opportunity to make your knowledge and skills useful across the full consumer journey rather than just at the end where the final purchase happens. If you are a researcher or some other type of data-driven professional you'll find examples for integrating traditional research and real-time data to provide strategic and real-time brand insights and you'll find a model for building your data infrastructure of the future. Finally, if you are a company leader you'll find insight into the key barriers for digital transformation, how to overcome them, and how to mobilize all these different types of professionals to join their expertise to make the brand and company future ready.

Some other key elements I hope you get out of the book:

- A sense of urgency for getting rid of old habits and for making digital the basis for all brand and advertising strategy.
- An understanding of trends in consumer behaviour, media behaviour, and changes in the media landscape.
- Insight into the strengths and weaknesses of traditional brand thinking versus digital performance thinking and the key to integrating the best of both worlds.
- Models and best in class examples for building:
 - Digital 1st brand strategy
 - Digital 1st audience targeting
 - Digital 1st content and campaigns
 - Digital 1st KPIs
 - Digital 1st evaluation and optimization
 - Mobile 1st strategies
- Tools and exercises to run your own workshops and brainstorming sessions that engage experts across the organization and its agencies to join in the common quest for designing and implementing the future ready brand model.
- A model to make the most out of programmatic marketing: the right message for the right person at the right time in every stage of the consumer journey, evaluated and optimized on the right KPI.
- Inspiration.

The cases presented in the book are the ones I personally enjoyed and admired most for various reasons:

- sometimes because the cases are big, spectacular, and awesome;

- sometimes because the creative ideas are beautiful, elegant and simple while driving high impact versus low budget;
- *always* because these companies made the most out of digital for reviving, refreshing and developing their brand while staying perfectly aligned with their brand heritage and identity.

On my website www.onlinebrandidentity.org you can find links to most of the branding cases presented in this book, so you don't have to search for them yourself. On the same site you can also download PDFs of the worksheets from the appendix of this book, so you can get started with running your own workshops and brainstorm.

JOBS WITH AN EXPIRY DATE

In my analysis and predictions I have tried to be as sharp as possible. I took the prediction that in 2025 eighty per cent of all advertising will be bought through automated digital systems as a basis for designing a future ready branding framework that can be used by any kind of brand. I believe that some of today's jobs in branding, media, and advertising will no longer exist in 2025, or at least will have an expiry date. However, everyone has options here because you can choose how you define your job or the business you are in. If you are a TV planner and you define your work as creating the best possible reach curve in an audience demographic I predict that your job inevitably has an expiry date. If, however, you define your job as capturing people's attention through engagement on a screen, your job is much more sustainable. You will have to experiment with digital targeting capabilities that go beyond demographics and you'll need to find new ways of creating and quantifying engagement, but if you do those things there is no end to your career. If you work in an advertising agency and most of your work consists of making TV commercials, your job probably has an expiry date. If, however, you define your job as engaging people through telling great stories you'll be fine. You'll need to experiment with the latest technology to build awesome brand experiences, but if you do there is no expiry date to your ability to use your talents. If a large part of your job consists of negotiating discounts on media buys or if a large part of your income is derived from commissions on media buys, you may want to rethink what that means if the majority of all advertising space is traded automatically in auctions. If your company earns money from print advertising and you define print as content on paper, you are probably in trouble. However, if print companies focus on the content rather than the paper and find the right model to earn money from digital content, they will keep their money. But they won't describe the money they earn as 'print budget' anymore. Finally, if you are a researcher and you define your role as gathering data and analyzing it to present to decision makers, you may want to rethink your role. In the digital world the data is mostly already there, what is needed is organization rather than creation, along with the ability to support real-time decision making. Anyway, I think you get the idea:

reflect on the future ten years from now and make sure your job doesn't have an expiry date!

My biggest hope in writing this book is that I will see great brands building awesome Digital 1st brand experiences and earning even more love from consumers than they already have. I hope that as a result your businesses will flourish so you can create even more beautiful work. This book can be used as workbook because you'll find worksheets and exercises that facilitate idea generation sessions with your brand stakeholders around brand identity, brand mission, sequential messaging across the consumer journey, and more. For some topics I have created references to playbooks created by Google. Those allow you to dive into specific topics in even more detail, for instance on mobile strategy, content strategy and programmatic strategy.

I would be proud if you feel my book has contributed to making the brand you work for future ready and above all to making your work more effective, inspiring, and fun!

CHAPTER 2: THE EVOLUTION OF THE INTERNET: READING, BUYING, BRANDING

Throughout my career I have worked with companies on digital transformation from lots of different angles, even sometimes without being conscious of it. This is not surprising since digital change affects almost all companies. The below three trends, noted by Eric Schmidt and Jonathan Rosenberg in their book *How Google Works*, are the key drivers of digital change:

1. Democratization of information
2. Increasing computing power
3. Connectivity

It is hard to think of companies that are not affected by these trends and we all know of companies that have flourished in the digital century and companies that did not make it because they were slow to adapt. Kodak is probably the most famous example of a company that did not change fast enough. Once a predominant manufacturer of cameras and photographic film, Kodak invented the core technology used in digital cameras, but failed to invest in digital photography at the right pace. In the 1990s Kodak began to struggle financially and in 2012 left the digital camera business.

THE DIGITAL REVOLUTION

The digital revolution began in the early nineties. At that point it wasn't yet evident to everyone that the internet would become as big and transformational as it is today. I still remember the debates about how the internet could be used and whether it was just hype or was here to stay. It is now crystal clear that the internet has fundamentally changed our lives and is likely to change them even further. Even so, not everything is different and not every difference is meaningful for the practice of building brands.

1995 was the year I started my education at the University of Twente in the Netherlands. My father had bought me a Compaq desktop computer equipped with 16 MB working memory and Windows 95. Luckily for me, at that time the campus of the University of Twente had the fastest internet connection in Europe so my 56k modem could be thrown out of the window (along with its nostalgic bleeping sounds) and a new world opened to me. The first search engines I used were Yahoo! and Altavista but soon I switched to Google. In the early years the internet was

mostly for reading due to limitations in bandwidth. I still remember the annoyingly low speed at which web pages built up on my screen. But gradually bandwidth increased, people started to buy online and E-commerce grew fast. Each stage of the development of the internet has seen the emergence of new companies that were quick to realize how to utilize the latest digital capabilities. Some of those companies were immediately commercially successful, very often through E-commerce. Companies like Amazon and EBay are examples of successful entrants in the E-commerce stage of the internet. In many cases companies got loads of users without actually figuring out a profitable business model. In fact, it took Google a few years to figure out how to earn money from the fact that they had built a great search engine. Nevertheless, the rate at which companies grew towards a hundred million users became faster and faster, as you can see in Figure 2.1. It took EBay eight years to get a hundred million users, Skype took three years to achieve that, and it took YouTube only eighteen months. The blue line in the figure represents the number of internet users worldwide. You can see there were only about 77 million internet users around 1998, growing to about a billion in 2006.

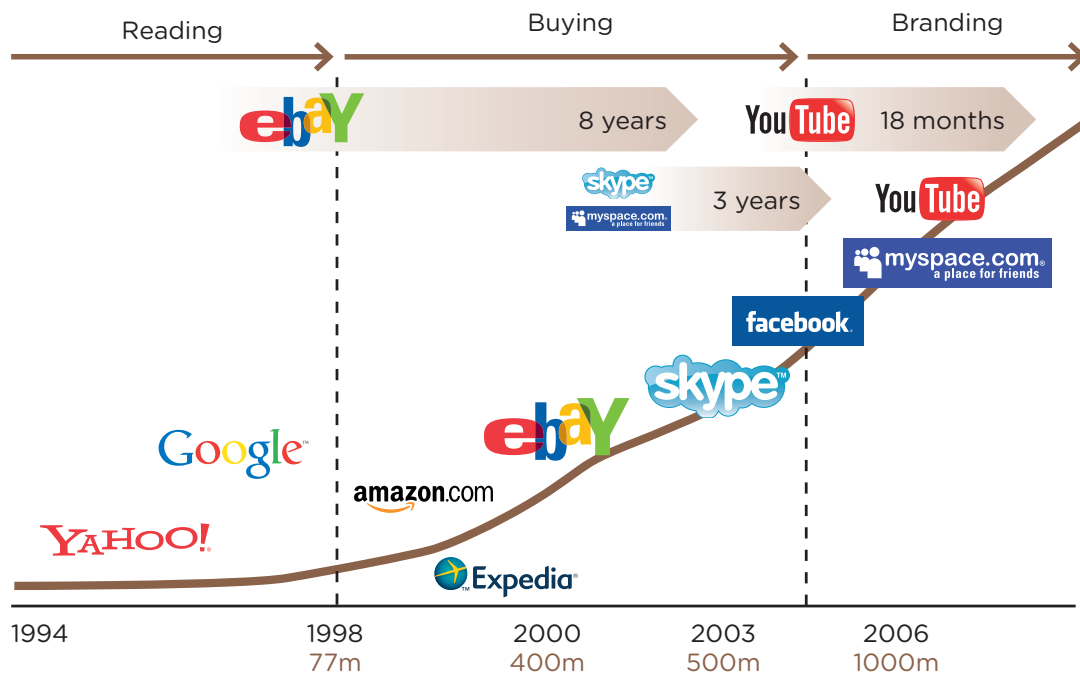


Figure 2.1: The emergence and development stages of the internet

The E-commerce stage is also the stage at which the first online advertising systems were created and refined so they were able to track the impact of ads on purchases in online stores. Online marketers raved about the measurability offered by the online market. For the first time

ever we could track the impact of advertising on purchase in detail and even optimize campaigns real-time. Advertising budgets started shifting towards online, mostly to capture immediate purchases while brand campaigns ran in offline media.

The third stage of development of the internet emerged because bandwidth and connectivity improved. As a result, social platforms like Facebook emerged and people increasingly consumed video online, which was the driver for the growth of YouTube. New technical capabilities allowed advertisers to create highly interactive brand experiences and advertisers could use the power of video and other visual experiences the way they were used in traditional media. The internet thereby became suitable for branding purposes. Print budgets took the first hard hit due to even more budgets shifting towards digital. The internet had become more than an E-commerce platform, it had basically become a full media mix. To be more precise: it became the early version of *the* media-mix of the future. By the time digital infrastructure is the basis for all media, the idea of a 'media mix' will probably sound very strange. The allocation of budget will probably no longer happen between media but between audiences and moments or maybe between stages of the consumer journey. Ads will run across screens and devices fuelled by one digital infrastructure.

ADAPT OR GO BANKRUPT

The rise of the internet didn't just disrupt how we advertise and build brands, it disrupted, and still disrupts, many types of business. The internet puts pressure on almost all types of companies to keep reinventing themselves. That pressure increases over time and can be described by the formula below:

transparency x rate of change = pressure to adapt

Transparency is fuelled by the increasing number of people connected to the internet and by the democratization of information. The power of transparency is so strong that normal people can even bring down governments by utilizing this force. The Egyptian Spring demonstrated the power individuals can exert by connecting to each other through social networks. It is the same power that can force companies and brands to their knees with bad reviews. It has basically become impossible for a company or government to fully control the information people have access to, or what they post online in response to that information or to their experiences with a brand.

The rate of change in the formula is fuelled by what we call Moore's law. This law states that computer processing power doubles approximately every two years. This may sound very technical, but it basically means we can build smaller devices and tools that are more powerful *and* cost less money, so more people and companies have access to powerful resources. That affects what products and services we build, *how* we build them, how we distribute them, how we promote them, and what it costs to build, distribute, and promote them. Moore's law also

affects the systems we use to run our companies and processes. All those changes gear up exponentially making it harder for companies to keep up with all the new possibilities technology offers. This changes the dynamics of running a sustainable business. Agility is rapidly becoming the most important asset for a company in achieving sustainable success. It is often easier for new entrants to build a business model based on the latest technology than it is for companies which still have legacy products, systems, and processes they need to maintain and rebuild.

The combination of transparency and change puts pressure on companies to adapt. The rate of change offers new business opportunities while transparency can lead to the punishment of companies that fail to embrace those opportunities to create the best possible products and services, at the lowest possible cost, utilizing the latest technology.

DIGITAL TRANSPARENCY: 'WHY DOES YOUR BURGER LOOK BETTER IN THE AD THAN IN REAL LIFE?'

Transparency can work either *against* you or *for* you. McDonald's chose the latter. The dynamics of transparency in relation to management of brands is illustrated nicely by a brave McDonald's Canada project. The increased attention on obesity and unhealthy eating habits has meant that the food served by McDonald's has been the subject of criticism and there have been rumours about how the food is made. Sometimes these rumours have been true and sometimes they haven't. McDonald's Canada decided to attack this problem by being completely transparent. They opened a website (yourquestions.mcdonalds.ca) where consumers could ask any question. McDonald's pledged to answer those questions with the complete truth. Figure 2.2 illustrates three examples of answers to questions on the website.

The first example in Figure 2.2 is a response to the question: *'What is in the sauce that is in the Big Mac?'* No problem. Executive Chef Dan Coudreaut offers the full tutorial helping McDonald's fans make that sauce that they love so much. The second example shows that McDonald's doesn't shy away from critical questions: *'Why does your food look different in the advertising than what is in the store?'* This question is the basis for a video in which McDonald's gives us a peek behind the scenes of a burger photoshoot. The director of marketing, Hope Bagozzi, buys a burger at McDonald's, then walks into a photoshoot to explain how a burger is photographed and why that burger looks different in the picture than in real life. The food stylist uses the same ingredients that are being used in the restaurants but positions them so you can see in the picture what is in the burger. Meanwhile, the real burger is shrinking in its packaging because of the steam. In a side by side comparison on the screen you can see the resulting differences. McDonald's even goes so far as sharing what Photoshop editing they do on the picture, for instance brushing away small holes in the burger. The third example in the figure features Amanda Straw who has the unique job title 'deboning stakeholder'. She answers the following question: *'Do you actually put the whole chicken in and mix it to make chicken McNuggets? That's what they say in school.'* The answer is shot in Cargill London, a factory that makes all the



Figure 2.2: McDonald's Canada answering ALL your questions on yourquestions.mcdonalds.ca

McDonald's chicken products. Amanda debones a chicken by hand showing what parts of the chicken are being used to create the nuggets and what parts aren't used. About half of the parts of the chicken remain unused: question answered.

I believe this is an extremely brave effort and a big accomplishment. It is not easy to get all stakeholders on board when you are talking about giving away your 'secret sauce' or openly sharing why your advertising makes things more beautiful than they really are. McDonald's clearly understands and embraces the dynamics of the transparent digital age.