The Empowerment Age: How Media Innovations Are Putting Consumers In Charge

Steve Patrizi
Manager, Northern California Advertising Sales
Microsoft Corporation
May 24th, 2007
What Does a “Manager – Advertising Sales, Northern California” Actually Do At Microsoft?

- Responsible for $50M in annual advertising revenue from Fortune 500 marketers in the Bay Area
- Recruit the best and the brightest
- Coaches and Trains a team of 7 star marketing professionals
- Collaborates internally to develop cross-company opportunities
- Develops relationships with senior level contacts at key customers
The Empowerment Age

- Technology Is Empowering People Like Never Before
- This Empowerment Is Being Made Possible Through New Advertising Monetization Models
- But The Advertising Has To Matter!
- Microsoft Is Committed To Providing This Empowerment And Connecting Buyers With Sellers In The Process
Microsoft’s View of The Empowerment Age

We’re A Technology Company

We’re A Top 25 Marketer

We’re A Media Company
Technology Is Empowering People

- I Want To Connect With People
- I Want To Find Answers
- I Want To Be Entertained
- I Want To Stay Informed

Games
Education
Productivity
Music
Empowering People

“I believe the internet is one of the most empowering things that’s been given to consumers in my lifetime ... I want to see it used really in the right way ... The next piece is getting people to take action. ... The numbers of people who show up on the web to watch and do things -- I don't think the world understands the power of that yet.”

Joanne Bradford
Corporate VP, MSN
Searching for a way to help? You've found it.

Give to ninemillion.org with every search. Each time you search here, Microsoft will contribute to ninemillion.org, a UN agency-led campaign providing education and sports programs for the nine million refugee youth around the world.

It's easy to help.

**Search**
Every search helps. Try one of these:
- Refugee children
- UNHCR
- Convention on Refugees
Or add the gadget to your Windows Live Space or Live.com.

**Share**
You can't do it alone. Tell your friends about this easy way to help.

**Bookmark**
Add this page to your favorites. And come back whenever you want to search.

Use Windows Live™ Messenger to support ninemillion.org
Visit the ninemillion.org Windows Live Space

*For every search performed from this page between January 17 and March 31, 2007, Microsoft will make a contribution to ninemillion.org. All contributions will benefit ninemillion.org to support educational programs for refugee youth.*
Creating Viral Value

Every time you start a conversation using 'im', Microsoft shares a portion of the program's advertising revenue with some of the world's most effective organizations dedicated to social causes. Choose the one that best addresses the issues you feel most passionate about. As you can see, these are groups you know and groups you know can get things done. Because this isn't only about good intentions, it's also about great results.
Helping People Take Action
07/07/07: LIVE EARTH
http://liveearth.msn.com

From the producers of Live 8, a media event to focus global attention on climate crisis…

- **7 concerts…**
  at ecologically responsible & politically important venues
- **6 continents…**
  each with its own environmental concerns
- **150+ artists…**
  performing in support of a global call to action
- **60+ films…**
  & PSAs messaging critical environmental issues
- **Live Earth’s "SOS" online community…**
  engaged by rich content & interactivity
- **2 million audience members…**
  inspired by the event experience
- **2 billion viewers…**
  mobilized to take action with corporate partners
LeBron challenges you to do something nice.

It doesn't have to be a big deal — cook your mom dinner, wash somebody's car, collect a box of food for a food bank. Whatever it is, do something unexpected — that's the fun of it!

For a chance to be one of the "Featured Users" on this Challenge page, you need a Windows Live™ Space to blog about your Challenge experience. If you don't have a space, create one by selecting the link below and follow the sign-up process. If you already have a space, just sign in and start personalizing your space with the custom LeBron themes. Then check back to the site to see how other LeBron fans have met the Challenge.

See a video of LeBron to inspire you for the Challenge.

Go to my Windows Live Space
Create a Windows Live Space
Fan Club on MSN

Get to know your team, the Schaumburg Flyers, with an all-access pass to their lives — on and off the field.

Follow the Stories of the Season

You are the manager!

Armchair skipper, prepare to be empowered. Have you ever yelled at your team because you thought you could do a better job managing? In Fan Club: Reality Baseball, you have complete control over the lifespan of the Schaumburg Flyers. Whatever your take on the game is, Fan Club takes your opinions to the dugout and executes them on the field. So prove your managerial mettle as you decide who plays where, and who doesn’t play at all.
The Influence Of One
"Based on finding and liking my space, a major cycling publication has given me a paid weekly column. For similar reasons, I now have companies contacting me requesting to sponsor me in my cycling efforts, and I have about 3000 people visiting my space on a daily basis. I feel like I owe a lot of the success of this space to your featuring it on "What's Your Story" -- It definitely helped me quickly reach a large audience that I otherwise wouldn't have."

Thanks!

Elden Nelson, "Fat Cyclist" (http://spaces.msn.com/members/fatcyclist/)
Empowering Ideas

“Ideas Happen” was about young adults telling each other (not the advertiser) what was important to them, which in turn built credibility and affinity for the Visa brand

- Jon Raj, Director of Advertising, Visa

- After 3 months, Visa saw some of their strongest engagement and brand results:
  - 7 million consumers visited
  - 19,000 submitted ideas
  - 250,000 users voted for the winner

http://ideashappen.msn.com/
...the prize money would help make the Baker’s Edge a commercial reality...
Microsoft’s View of The Empowerment Age

We’re A Technology Company

We’re A Top 25 Marketer

We’re A Media Company
Marketer’s Have A Big Problem:
Advertising Doesn’t Work The Way It Used To.
Media Fragmentation

- 13,500 radio stations (4,400 in 1960)
- 17,300 magazine titles (8,400 in 1960)
- 82.4 TV channels per home (5.7 in 1960)

Plus new media platforms
- Satellite radio
- Video games
- Internet broadcast stations
- Video on demand
- Personal “channels” on DVR
- Podcasts
- The web
Effects of Media Fragmentation

2004

Friends – series finale

12.8 Nielsen rating
Most-watched show in 4 years

1986

Head of the Class

12.8 Nielsen rating
#40 show that year

Your consumers are everywhere… but you can’t reach them the way you used to
The Changing Media Landscape

Source: Knowledge Networks, MultiMediaScan

- TV: 50.3%
- Radio: 26.4%
- Internet: 16.7%
- Newspapers: 4.1%
- Magazines: 2.5%
US Internet Usage by Daypart

Share of Total Time Online

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Work (%)</th>
<th>Home (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6AM-9AM</td>
<td>3.2%</td>
<td>2.7%</td>
</tr>
<tr>
<td>9AM-5PM</td>
<td>6.0%</td>
<td>7.4%</td>
</tr>
<tr>
<td>5PM-8PM</td>
<td>3.2%</td>
<td>8.0%</td>
</tr>
<tr>
<td>8PM-11PM</td>
<td>1.8%</td>
<td>4.7%</td>
</tr>
<tr>
<td>11PM-6AM</td>
<td>5.4%</td>
<td>13.0%</td>
</tr>
</tbody>
</table>

Source: Nielsen//NetRatings, NetView Custom Research, September 2005
Rebooting Our Own Ad Strategies

• Consistently A Top 25 Marketer

• 18% of total FY06 media spend went to online

• Marketing Strategies Now Start With Online And Extend Out To Other Media

Microsoft to Move Bulk of Ad Dollars to Digital Channels

VIDEO: Tells 4A's That Media Mix Will Change By 2010
By Matthew Creamer

Published: March 02, 2007
LAS VEGAS (AdAge.com) -- It may be dumping hundreds of millions of dollars into an old-school TV campaign for its latest operating system, but Microsoft expects it will move the majority of its ad budget into digital channels within three years.

"We're actually pretty confident that by 2010, the majority of our media mix will shift to digital," Mich Mathews, senior VP-central marketing group at Microsoft, said in an address at the American Association of Advertising Agencies Media Conference and Trade Show here.

Already big web spender
In 2006, Microsoft spent $447 million in measured media, according to TNS Media Intelligence. The media-spending tracker said 18% of that was spent on internet advertising -- far and away above the national average. Still, it laid out $69 million on network TV, $33 million on cable, $118 million on magazines, $67 million on business to business and $29 million on national newspapers.
Show us your “Wow”

What Is “Wow?”
It's an instinctive reaction. When you experience the amazing, the incredible, the exhilarating. And when you do, there’s only one way to express it: “Wow.”

See “Wow” Winners
Our Favorites
Viewer Favorites
Most Recent
All the “Wow”
Search for “Wow”

Test drive Windows Flip 3D: One of many ways to navigate your PC with the new Windows Vista OS.

All the “Wow”: 1-7 of 47715

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Microsoft’s View of The Empowerment Age

We’re A Technology Company

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Connecting Buyers & Sellers Better Than Ever Before

- Greater Accountability Means More Relevant Advertising
- More Relevant Advertising Means More Efficient Use of Advertising Budgets
- More Buyers Can Connect With More Sellers
Display Advertising

Content Server
Delivers Page Views

Ad Server
Delivers Ad Impressions
Advertisers Pay Per Impression Delivered

Page Views
Generate Saleable Inventory

Content Server
Delivers Page Views

Ad Server
Delivers Ad Impressions
Advertisers Pay Per Impression Delivered
Search Advertising

Results Server
Delivers Search Results Pages
Tracks Search Queries

Ad Server
Delivers Paid Results
Advertisers Bid on Keywords And Pay Only When Ads Are Clicked
Content that is in low demand collectively makes up a market share that rivals or exceeds the more popular content. The key element to making long tail content viable is discovery and distribution.

Tail Content Aggregators
- Boomertime.com
- Victoria's paintings.com
- Fish-school.com

Leveraging the Long Tail of the Web
Investing In Empowerment

• $6B To Acquire Aquantive, Inc.
  
  – AvenueA|Razorfish: World Class Web Development And Advertising Buying
  
  – DrivePM: Leading seller of advertising across smaller web sites
  
  – Atlas: Cutting Edge ad-serving technology

• Largest Acquisition in Microsoft’s History
Why online advertising?

- $135B ‘06 Total Software Industry Revenue
- $115B Potential for Online Ads
- $22B Online Ads
- $570B ‘06 Total Advertising Industry Revenue
450 Million People Use Microsoft Online Products Every Month.
Engage With Your Customers In Their World
In-game Advertising
In-Game Advertising
Branded Gaming

- Burger King has sold 3.2 million branded games since December

- Have outsold many topselling XBOX 360 titles

- Originally sold for $3.99, going for $25 on eBay
Serving Two Customers

Advertising Agencies
- Evaluate Media Vehicles
- Negotiate Media Costs
- Make Recommendations To Client

Advertisers
- Drive Marketing Strategy
- Evaluate Media Reco
- Ultimate Decision Makers
Our Roles

- Win New Business
- Develop Strategic Relationships
- Evangelize Online

Account Executives

- Manage Campaigns
  - Upsell Existing Business
  - World-Class Service

Account Managers

- Implement Campaigns
  - Advise on Inventory Strategies

Sales Managers

- Recruit Great People
- Develop Existing Talent

Sales Planners
Talent Is Our Biggest Competitive Advantage.
The Empowerment Age

- Technology Is Empowering People Like Never Before
- Monetizing Experiences Through Advertising Is Making That Empowerment Possible
- But The Advertising Has To Matter!
- Microsoft Is Committed To Making This Happen
Want To Learn More?

• Periodicals:
  – Advertising Age: http://adage.com
  – AdWeek: http://adweek.com
  – Marketing Vox: http://www.marketingvox.com
  – MediaPost: http://www.mediapost.com

• Industry Resources:
  – Interactive Advertising Bureau: http://iab.net
  – Online Publishers Association: http://online-publishers.org
  – Advertising Research Federation: http://arf.org
  – San Francisco Bay Area Interactive Group (SFBIG): http://sfbig.com

• Books:
  – The Online Advertising Playbook: The Advertising Research Federation
  – What Sticks – Rex Briggs
  – Life After The 30 Second Spot – Joe Jaffe
  – Ogilvy on Advertising – David Ogilvy
Any Questions??