

THE HARMELIN MEDIA REPORT

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Celebrity by Kristen Warner

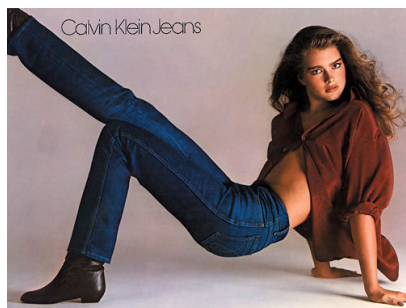
We've seen Tiger Woods master the game of golf using Titleist equipment, wearing Nike shoes, drinking Gatorade, shaving with Gillette razors and driving a Buick. Tiger has proven to be a safe bet when it comes to endorsing a product. He's maintained a clean reputation, he's a household name and we can believe that he really does use all of the products that he endorses.

Celebrities and advertising have gone hand-in-hand for many years. In 1979 Coca-Cola used the Pittsburgh Steelers' defensive tackle "Mean" Joe Greene in a commercial that is arguably one of the most memorable of all time. The spot got so much recognition that Coca-Cola decided to do a remake of the same ad for the 2009 Super Bowl featuring current Pittsburgh Steelers' safety, Troy Polamalu. In 1980

Calvin Klein used actress and model Brooke Shields to be one of the first "faces" of his jeans collection and over 25 years later people are still talking about it. All three of these commercials have generated a significant amount of buzz and therefore ultimately accomplished the companies' goals by expanding the product name and generating more sales.

But what happens when a celebrity endorsement goes bad? Unfortunately, we have seen it happen in the past couple of months, beginning with Olympic gold medalist Michael Phelps. After breaking numerous world records at the 2008 Olympics, many companies wanted Mr. Phelps standing beside their product, including Speedo, Omega, Visa and Kellogg's. After signing multimillion dollar contracts with each of these companies, Phelps engaged in some alleged illegal activities shown around the world on YouTube and found himself in trouble, not only affecting his own reputation but also potentially that of the brands he was endorsing. While none of the companies that work with Michael Phelps condone the illegal actions, at this point it appears as though Kellogg's is the only company not scheduled to renew its contract with the athlete, stat-

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Harmelin's State of the Media

Harmelin Media presented its first ever State of the Media address in a pilot program attended by a representative group of clients, partners and media professionals.

While other media agencies may only focus on traditional media, or new media, we continue our emphasis on *integrated* media. Discussions went beyond new media to incorporate the outlook for the future of traditional media outlets in addition to discussing innovative opportunities available across the media landscape.

The following are select highlights from the presentation.

PRINT

What's Happening: Some print publications are slowly shifting to an all-digital format, delivered via email, websites, mobile phones and Kindle-like devices. This is in addition to the vast iPhone and iPod universe. E-papers have already begun to make their debut.

Opportunities for Advertisers: Customization holds the secret to success both for the industry and for the advertisers. As content is being drilled down through personalization, tailored advertising messages will follow suit.

RADIO

What's Happening: Traditional radio continues to reach the largest audience and has the highest listener penetration; however, there are new avenues that are helping radio grow and it is not through satellite radio as originally projected. The fastest growth areas have been wireless and internet radio, with some growth in mobile phone streaming. Wireless penetration has increased and internet radio is growing at a rapid rate.

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Support Your Local Newspaper

by Gina Yeakel

Philadelphia, do we really want to be a city that cannot support a daily newspaper? Being known nationally for booing Santa and using cheesesteak orders as a litmus test for presidential candidates is bad enough. We have also earned these

The Philadelphia Inquirer

distinctions: America's Fattest City in 2005 from *Men's Fitness*, and America's Ugliest City by *Travel + Leisure Magazine* in 2007. That is rough. Philadelphia newspaper readers tend to be more educated and affluent than average Americans. Perhaps we should shoot for America's most informed city.

Competing local media are circling what they see as an injured animal, calling with helpful suggestions for reallocating those newspaper advertising budgets. This is the wrong approach; we should support the paper as an industry and as a city. So much of what we hear on morning radio shows is read to you directly from the newspaper. A lot of what we see on local television, or in local magazines, started with a local newspaper reporter's work. All of this content is used free of charge by the other media. Even if we don't read a newspaper, we enjoy it's content.

Recent stories uncovered by the *Philadelphia Inquirer* or *Daily News* would not have seen the light of day if it were not for investigative reporting — Vince Fumo, DHS mishandling cases, and the Post Office mail dumping scandal, to name a few. Reporters will serve us as watchdogs monitoring the allocation and use of the incoming stimulus money. These stories need to be told by local voices.

Princeton University studied the effects of the *Cincinnati Post* closure on the towns it served. In the 2007 local elections, voter turnout dropped, the number of new candidates fell and the number incumbents re-elected increased.

Some say that bloggers can replace local journalists. Again, much of the bloggers' content comes from the footwork of the local newspaper reporter. The blogger is simply not held to the same vetting standards as a newspaper reporter; bloggers have no editors to confirm sources and accuracy. It is hard to imagine a blogger going to jail to protect a source.

Online classified/job search services dealt a serious blow to the newspaper industry, but the internet may get the newspapers back in the black. The industry needs to come up with a model that makes online advertising profitable for the paper and affordable for advertisers. Newspapers are considering charging an easy-to-use micropayment system for content. The industry also needs to implement an integrated circulation sales model that combines hard copy and online circulation in a way that is agreeable to advertisers.

Philadelphians may not be known for fitness or beauty, but let's hope we can get together to support our local papers.

Outdoor

by Christina Esposito

The economy may be down, but out-of-home has been experiencing a bit of a boom recently. Outdoor vendors were reporting a flat first nine months in 2008 followed by a 6% decrease late in the year. However, OOH is viewed as a good value and as providing one of the better advertising values. With consumers always on the go, outdoor is reliable and one of the best ways to reach consumers with higher reach and frequency. It can reach consumers that are increasingly more mobile.

Throughout the past year, there have been advances, issues, and changes in the OOH industry. Digital boards have advanced since they were introduced in 1996. Lamar, CBS, and Clear Channel especially have been increasing their digital units where legislation allows. The American Advertising Federation's position on digitals is they that serve the public good for real time announcements such as traffic, missing children alerts, etc. But in California, there have been concerns with the advancement of more digital units. The Los Angeles city council put a 90-day delay on building more units as they are trying to give the communities more control over where they put billboards in their neighborhoods. OAAA countered the moves by commissioning a study from Arbitron showing that public sentiment towards digital boards is favorable. The study found that 67% of LA County residents didn't mind the digital billboards while 73% of the residents believe the signs provide important community ser-

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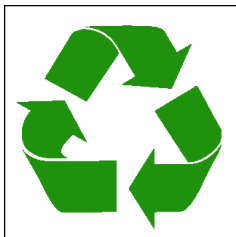
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(Continued from page 2) **Outdoor**

vices (i.e. Amber Alerts). As more digital signs are built, OOH companies are increasing revenue from a single sign by several multiples.

Local zoning has been proving to be an issue for outdoor vendors and the clients they are trying to service. Zoning places restrictions or prohibits outdoor advertising in certain areas. Some areas can restrict outdoor advertising for specific products (i.e. alcohol billboards within a certain radius of schools). When areas are zoned, it can cause complications in finding the right outdoor locations for a specific client. Recently our Sheetz client was experiencing issues with the outdoor zoning regulations in Raleigh, NC. This is a strictly zoned market, so it has been a challenge to find boards that catch the traffic going to and from Sheetz locations. In markets where there are strict zoning laws, outdoor buyers must strategize more in making sure the outdoor locations make sense for their client.

A more recent change in outdoor was the transition from standard 30-sheet posters to the eco-posters. Eco-posters are made with polyethylene, a recyclable plastic.



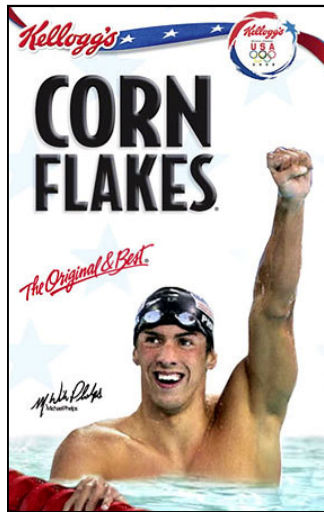
These are also referred to as SSP's and flexes from OOH vendors. The transition started in 4Q08 with a goal of March 2009 for all vendors to have their structures converted to fit the

eco-posters. As of today, there are still a handful of smaller OOH vendors that do not have their structures eco-ready. Previously, the 30-sheets added 150 million pounds of waste to landfills each year, so they switched to be eco-friendly. Since eco-posters are in essence a "cheap vinyl," they can last longer than just the usual four week time period, they have a less chance of wear and tear, and the client doesn't need to produce as many extras. There are a few problems with the eco-posters, though. Each company has a different fit for the flex (i.e. Clear Channel has one size while Lamar has another). This causes more work on the production end to make sure they are adhering to each vendor's specs. The production costs can also increase. They may not have to provide as many extras, but they have to pay more to get them produced.

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Celebrity

ing that Michael Phelps is "not consistent with the image of Kellogg's."



Only a short time after the Phelps incident, it was reported that Wrigley's would drop R&B singer Chris Brown and his branded song "Forever" from the Doublemint Gum commercial due to allegations that he attacked and injured his girlfriend Rihanna in an altercation. It doesn't always have to be a celebrity misbehaving to cause a company to break contracts. Sometimes, all it takes is a simple slip of the tongue. A few years ago, Jessica Simpson was reportedly sued for \$100 million for not properly promoting low-priced Princy

jeans by Jessica Simpson. In an interview the singer was asked what her favorite line of denim was, and she replied with a high-end company that was not the one she was contracted to endorse. Incidents and P.R. like this make us wonder, is it worth it for companies to take such risks to put a famous face with their product?



Some companies feel that it is worth the risk and others disagree, which may forever be the case on such a subjective topic.

However, it appears as though celebrity endorsements are becoming less and less common, as they are showing declines in recent years. According to Greenlight's Grammy AdGauge data, during the broadcast of the Grammys, commercials featuring celebrities slid from 21% in 2007 to 13% in 2008 and only 7% in 2009. This could be the result of a number of issues. One reason could be that circulation of celebrity magazines is declining. Another possibility is the over-exposure of certain "attention-grabbing" celebrities. Additionally, consumers may just generally be more skeptical now of these types of endorsements after years of coverage. Lastly, in this type of economy, companies may not be willing to take the gamble that they used to by enlisting a well-known actor or athlete to be the face of their product. It's risky, it's pricey — and even more so if it doesn't work out.

While some reports show that celebrity endorsements are declining, it would be surprising if celebrities stopped endorsing products completely. There will always be a piece of the public that feels they can be more like their favorite celebrity if they use the same make-up or wear the same sneakers, and companies know that. Sometimes it just might be worth the risk. Don't they say that any press is good press?

(Continued from page 1) **State of the Media**

Opportunities for Advertisers: Internet radio, similar to online, provides detailed metrics, which is a great advantage for advertisers. Internet radio also provides detailed impression data that is guaranteed, tracking capabilities, geo-targeting and very specific day and time targeting.

TELEVISION

What's Happening: "Appointment TV" has disappeared as consumers have greater control over how and where they watch television, thanks to DVRs and TiVo. In the past year alone, time-shifted viewing has grown 37%. Additionally, consumers can now watch their favorite shows on the internet or even on their mobile phones. Interestingly, for every hour of online viewing, consumers are still spending 57 hours with their TV sets.



Opportunities for Advertisers: Content is now more important than ever. Video On Demand provides a platform like online for advertisers to showcase their message longer, especially through sponsored content. There is now greater precision in delivering your messages. Most compelling is the ability to provide advertisers with a way to measure their investment. Newer interactive features will allow interaction with the viewer, the ability to collect valuable data providing better accountability, and measurable results.

OUT OF HOME

What's Happening: Outdoor companies are making it their goal to convert every piece of signage they have into a digital format. New options continue to surface, making outdoor advertising the second fastest growing medium in the country (behind online). **Opportunities for Advertisers:** Digital formats have a higher retention score and reduces, if not eliminates, production costs. The format also allows for quick changes to reflect real-time situations such as scores, prices, weather, or time-of-day specials.

LIFESTYLE MEDIA

What's Happening: Lifestyle marketing is all around you, from the coffee cup you get at your local convenience store, to the ad inside your lunchtime check billfold, to the elevator in your office, your concessions at the movies, and everything in between. The market is crowded and, if not handled properly, can be intrusive. **Opportunities for Advertisers:** The creative still needs to stand out from the crowd, but the placements must be more strategic — enough to disrupt the flow of your day, if only for an instant, by providing something unexpected, relevant and memorable.

Each opportunity is subjected to Harmelin's C.A.S.E. analysis and must be creative, affordable, strategic and executable.

INTERACTIVE MEDIA

What's Happening: Where once interactive media mimicked traditional media (with banner ads resembling print and online video duplicating television), Web 2.0 has revolutionized viewer habits with added customization and user-driven content and action. With the advance of social media, interaction is now two-way – where advertising was once displayed, now it's a conversation. Eventually, Web 3.0 will bring about media convergence between your computer, mobile phone, outdoor messages and other communications vehicles.

Opportunities for Advertisers: Customization is the key. A mind shift is underway to measure interactive advertising by interaction rather than impressions. The potential customer needs to be given more control over the message and, if given so, will become more engaged. Subtlety is important to success.

For more information on the State of the Media presentation, please contact your Harmelin account executive.

Around the Harmelin Water Cooler

A Completely Unscientific Survey of Harmelin Media Employees... **This Month's Questions:**

Name the first celebrity product endorsement that pops into your mind.

Name the celebrity and the product.

Tiger Woods Nike	22%
Alec Baldwin Hulu	18%
Mean Joe Green Coca-Cola	15%
George Foreman Foreman Grill	12%
William Shatner Priceline.com	10%

