



More recently, **News International** hosted the Big Debate, at which more than one commentator cited that the obsession with price over value has led to an impasse between media owners, agencies and clients. Steve Williams of **OMD** proposed that agency value could be re-defined by the assessment of relationships and performance combined. Now there's a thought...

However, there are still big obstacles to change. In India (incidentally, this story has received most hits ever on Media Minds) it was reported that **Reckitt Benckiser** have actually asked agencies to pay them for participating in a local media review. In the UK, it was also reported this week that a client required a 'signing on fee' from agencies competing for its business.

It is clear that the industry badly needs to demonstrate that media is not just a traded commodity – it can create value, too. We observe increasing polarisation between clients targeted on lowest cost impressions, and clients targeted on building increased consumer engagement. Right now, agencies are likely to find more sustainable, profitable and rewarding relationships with the latter.

Our third theme is the **Shake-Up in Digital Media**. The quarter began with the sad news of the demise of **I-Level** (which many commentators incorrectly put down to proof that clients want integration, not specialisation). The media industry needs a strong challenger brand like I-Level, and there is a gap waiting to be filled by one of the full-service digital agency brands.

Numerous big acquisitions were announced. **Google** acquired **Invite Media**, putting the US giant at the forefront of exchange trading. **IBM** acquired **Coremetrics**, to put extra whizz and credibility into web analytics. US Publisher **Hearst** bought the digital agency **I-Crossing**, in a move which divided our members - some saw it as a smart diversification, others as a misguided re-invention.

**Facebook** cemented its position as the number one competitor to Google and as an innovator, by forecasting annual revenues of \$800m and unveiling their "conversion tracker" service. Facebook are achieving success in expanding their client reach and in enhancing their open platform proposition. Apple unveiled its **I-Ad** platform for mobile to become a credible competitor to Google's **AdMob**, and announced they are starting to use iTunes data to enhance customer targeting.

In the digital space the key players are emerging, innovation continues at a breathtaking pace, and competition is intense. Hearst Corporation's digital strategy can be viewed as a real test of whether traditional media companies can really cut it in this fast-moving eco-system.

*Media Minds is a thriving online community, hosted by MediaSense on LinkedIn. Our Group is a forum for expressing, exchanging and commenting on current and emerging issues that affect the global media industry. We now have well over 700 members from around the world.*

*MediaSense is a new breed of media management consultancy. We help Brand Owners to generate the most value out of their media budgets locally and internationally, and to navigate successfully through media change.*

See you next quarter !

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