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COLUMNS

3 landscape-changing media trends to watch this year

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Jim Porçarelli is executive vice president and chief strategy officer of Active International. © Matt Greenslade/photo-nyc.com

By A LUXURY DAILY COLUMNIST

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The rapidly fragmenting media landscape and explosion of programmatic buying are spurring significant changes in the media industry.

The proliferation of new digital, social and mobile media channels is dramatically affecting how people consume media, which has significant implications for both marketers and media companies.

Going forward, marketers will need to spread their budgets across a broader range of channels, and media companies will have to ensure access to a broader range of digital audiences.

Here are three key trends that we think will drive change in the media marketplace in 2015:

Traditional TV viewing gives way to online video content
Video content continues to burgeon. Media consumer preference for streaming video content will continue to accelerate this year.

At the same time, demand for premium video content will be at all-time highs, and the market will see streaming offerings from new sources, including many of which were introduced at this year's Consumer Electronics Show.

This confluence of events, which has already begun to drive the growth of programmatic ad buying by advertisers, will force marketers to reevaluate how they distribute media budgets across traditional and new channels. They will no longer be relegated to targeting a generic 18-49-year-old audience through traditional television.

The new media landscape provides a much more focused ad campaign strategy, giving each product with its own customized execution plan that targets a much larger set of digital, social and traditional channels. Media buyers will need to develop or expand their programmatic advertising desks to more effectively reach their consumers.

While the shift may bring about some initial angst, the good news is that marketers can now develop campaigns that resonate more closely with their consumer expectations and deliver higher returns than traditional channels have in recent years.

Media companies' consolidation shifts from vertical to horizontal integration
As media companies look for new ways to connect advertisers to their audiences, the consolidation trend that began in 2013 will gain more momentum this year.

Instead of focusing on increased scalability and higher profit margins, media company mergers and acquisitions will be driven by the need to extend their reach to audiences through a wider range of digital and mobile channels.

Traditional media companies are realizing that they are no longer only competing with a small group of traditional players. Digital, mobile and social competitors are now entering the fray as well as established companies that are updating their current revenue and product models.

Thus, a large part of media companies' strategy will be to acquire their way into emerging markets. They will focus on horizontal integration as they broaden the scope of their offerings and capabilities to meet the new media market dynamics.

Chief procurement officers play a major role in managing media relationships
Chief procurement officers (CPOs) will play an increasingly dominant role in influencing marketing budget allocations this year.

As richer analytics continue and media fragmentation and the growth of programmatic shifts corporate focus beyond just quantitative marketing plans, procurement, marketing and finance are challenged to develop and execute measurable marketing strategies.

CPOs will work more closely with their chief marketing officers (CMO), chief financial officers (CFO) and supply manager counterparts to boost marketing ROI while focusing on building stronger relationships with a larger number of media platforms.

The challenge for CPOs will be to forge alliances with their CMOs and CFOs to more effectively develop and maximize ad budgets. They will need to direct the focus from

fewer, larger spends to one that divides spending across a broader set of suppliers with a more targeted approach.

Additionally, they will need to implement a system for measuring the value of each supplier relationship. With the recent introduction of better data and analytics, this partnership mindset will foster more impactful and profitable planning.

THE SURGE of new media channels will continue to significantly influence how media is purchased, delivered and consumed.

This will be the year that marketers need to adjust their advertising strategies accordingly. To reach their consumers across these multiple platforms, marketing teams will need to understand and react to behavioral shifts around emerging platforms.

As companies grow the number of relationships they have with media providers, they will rely more heavily on their CPOs to bring additional measurement to each relationship. And media companies, in turn, will look to connect advertisers to a larger digital audience by diversifying their platform, either organically or through acquisition, to include a broader range of social and digital channels.

While these future shifts may not be simple or seamless, they will ensure that companies continue to effectively engage with their target audiences in today's evolving media landscape.

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