Open-Source Thinking

“Open” is becoming a buzzword in today’s world, and open-source thinking is starting to permeate consumer decision making, especially when it comes to the youth demographic. All marketers need to put more pressure on developing strategies with clear goals. In order to whet youth curiosity, marketers should take the following into account:

- **Experience.** Youth crave experiences as part of their content consumption, and they are actively seeking this through “off-deck” social experience destinations that are based around user-generated media.

- **Participation.** Creativity is a status symbol for today’s youth, and they want to share it with the world.

- **Innovation.** Wireless products and services are rapidly evolving from an information conduit to the multimedia, entertainment, and communications vehicle of choice.

- **Customer Managed Relationship (CMR).** Youth have shifted the balance of power from media and information providers directly to consumers, and brands are now being forced to provide youth with the tools they need to manage their product relationships.

Tweens Online

A new crop of child-friendly social networking sites are serving “tweens” who are looking for a safe, MySpace-like experience. Online experiences like Club Penguin, Neopets, and Webkinz offer children a safe social networking experience that’s under parental control.

Now more than ever, children are becoming more and more accustomed to these online worlds at an increasingly younger age. They are growing up with the ability to communicate with their peers, shop, and learn — all within a graphic virtual environment. This high level of early-age activity that is being experienced within these virtual worlds is going to transform how they engage with brands, purchase products, and use the Internet as young adults.

Reflex Action

Today’s youth can be looked at as the first true “early adopters.” They are the first generation to have carried mobile phones and used the Internet since they could press keys. As a result, they are growing up with a different mindset, one where mobile is inextricably tied to their lifestyle.
For them, interactivity is a given, and technology has made participation a reflex. Seamless access and effortless consumption of mobile multimedia have become an expectation among youth, and they establish their brand preferences based on ease of delivery and breadth of offerings. As a result, brands must help to facilitate one-to-one communications rather than interrupt them. Youth are demanding that we move from mobile media placements wrapped around long-term content to “reflex” media placements focused on “this moment.”

A great example of this is the news today that instant-messaging client Babuki is resurrecting the free SMS application on Facebook. The service stopped because of a lack of funding, so Babuki stepped in to support it, tying in the functionality with its instant messenger.

It will become increasingly important for brands to insert themselves into such “ephemeral” services that enable the instant communication youth are used to having. Furthermore, one of the main barriers to adopting mobile services for youth is price. Given that this P2P generation is used to getting everything for free, brands are perfectly positioned to step up and provide this utility. Expect to see more ad-supported and sponsorship initiatives bundled with such “reflex” tools in the future.

**Youth Individualism**

Over the years, youth have been developing an increased desire for authenticity. Adults and teens alike are looking for things that express individuality, sustainability, and personality. They enjoy expressing themselves in new ways that define who they are — true and honest. Brands need to start doing the same. They must be loyal to their roots and back up their claims.

*Dove’s Evolution, an initiative to promote its Campaign for Real Beauty, is a great example of a brand staying true to its roots by promoting pureness.*

**The Evolution of Language**

Today’s youth use acronyms when typing because it is easier and faster than spelling out the actual words or phrases. Increasingly, this “txt spk” is creeping into more traditional, intellectual pursuits like classroom writing and research. Indeed, instant feedback and communications tools are affecting how Generation Y reads, researches, and writes. Everything is condensed and accelerated. They go to Digg for news rather than the New York Times and read SparkNotes instead of actual novels. Some argue that this is making youth impatient and lazy, especially when it comes to schoolwork.

However, it can be argued that parents and educators simply have not caught up with the online habits of youth in order to teach more rigorous research skills using these new tools. According to the Flynn Effect, IQs are rising with every generation; the average rate seems to be around three IQ points per decade. There has been no indication that creating and deciphering acronyms is less intellectual than writing full words. It enables different skill sets and can be seen as an evolution of language rather than a bastardization of it.

The constant flow of information is simply the next logical extension in human evolution (before we physically merge with nanotechnology). As Marshall McLuhan said, “Any invention or technology is an extension or self-amputation of our physical bodies, and such extension also demands new ratios or new equilibriums among the other organs and extensions of the body.” Our educational system simply needs to recalibrate itself to the new ways youth are learning and processing information.
RSS and the Growth of ‘Newsmasters’

As content floods the Web, RSS has made youth ruthlessly efficient media consumers. They are much better synthesizers of information than older generations and can handle many more information streams per day. However, many young people still desire editors to trim away the fat and give us the skinny on what’s cool, important, and newsworthy. As a result, RSS-based services with an editorial layer are beginning to emerge. RCRD LBL, a collection of free, exclusive tracks by handpicked artists gives access to tour dates, new tracks, artist information, and editorial content—all via RSS.

RSS will ultimately enable newsmasters to “set their preferences” and hone their feeds to perfection so they no longer have to do the work of combing through all news. This can only happen once they’ve specialized and refined their niches, or become hyper-aggregators (aggregating aggregators). This is exactly what the fan site HPANA does with Harry Potter news and rumors. Why go to any other site? It’s all there! Ultimately, there is a need for human intelligence, but the key will be combining it with technology. Some recent examples of this are:

Mahalo

A web directory launched in May 2007 by Jason Calacnis, it differentiates itself from search engines like Google and Yahoo by tracking and building handcrafted result sets for many popular search terms.

Yahoo! Answers

A community-driven knowledge market Web site that allows users to ask questions of other users and answer other users’ questions. The site gives members the chance to earn points as a way to encourage participation.

DailyCandy, Flavorpill, and Thrillist are a few of the other news aggregators of today that communities of readers have come to trust in order to help direct their daily news consumption. DailyCandy’s geo-targeted newsletters have earned them a loyal subscription base of fashionistas. Thrillist pares the world down to a single idea for your inbox, and Flavorpill’s cultural e-mails have expanded into art, fashion, world news, and design niches. These services are learning that to reach the youth audience, they need to be constantly accessible. Because today’s youth eschew e-mail for alternatives like social networking sites (SNS) and IM, they are all expanding their reach to mobile. Flavorpill feeds its content into Buzzd, a mobile entertainment service that offers real-time geo-targeted information for bars and nightlife spots. Time Out New York also feeds content into Buzzd as well as Socialight, another location-based service (LBS). We expect to see more streaming of editorial content into LBS going forward.

New Music Model = Community

The music industry is undergoing a revolution as the “tyranny of free” overthrows its traditional profit model. As fans download music from P-to-P sites and swap files with friends, artists can rely less on traditional album sales. As a result, they are increasingly turning to alternate methods of music distribution and placing more importance on merchandise and touring.

Many artists are signing “360 deals” that cover all the bases: recording, touring, merchandising, film and TV projects, DVD releases, etc. For artists who are walking commodities, it’s less about the CDs and more about the tickets and T-shirts. Prince has been working this model with much success. The artist, who escaped his contract with Warner Music in 1994, had the music industry in a huff when he gave away his most recent album with a British newspaper. Madonna left Warner Music and signed with Live Nation in a deal that includes “all things Madonna,” including everything from her Web site, DVDs, music-related TV and film projects, and corporate sponsorships. Jay-Z is on the brink of signing a similar deal, saying that it will help him reach consumers “in so many ways.” He adds: “Everyone’s trying to figure it out. I want to be on the front lines of that fight.”

Other bands such as Radiohead and Nine Inch Nails are also working toward a more direct relationship with the audience. Both bands are giving away music in hopes that fans will like it enough to pay for it.
Meanwhile, artists including Mos Def, White Rabbits, and Cold War Kids are signing up with RCRD LBL, which pays artists for exclusive digital tracks with online advertising dollars. Amie Street, MOG, Pure Volume, Indistr, Sellaband, Navio, RoadSound, iFanz, imeem, and Popfolio are just a few sites out of hundreds that artists can use for promotion, distribution, and sales.

All of these models are built on the idea that if an artist has a following, he or she will make money. This means that clever marketing will help the music industry thrive again. The next frontier is the handset. Mozes has taken a step in that direction by enabling bands to send texts to fans with updates and messages. The real application, though, will be mobile social networking sites, like the newly launched KylieKonnect for Australian singer Kylie Minogue. The dot mobi site lets fans blog, communicate with other users, and upload images and video all through a mobile phone. The site allows Kylie's fans to establish a closer connection with her — or the illusion of one — and she will likely profit off it through site sales.

**In-Game Ads Growing**

Today, companies are handing over millions of dollars to get their brands in front of the 140 million people who play video games in the U.S.

For example, golfers swing Nike clubs in EA's “Tiger Woods PGA Tour” and “Madden NFL 08” is played in a fully branded stadium. “EverQuest II” players can order a pie from Pizza Hut, and skaters in “Tony Hawk” send texts on Nokia phones.

Many ad agencies still think of video games as a male adolescent pursuit. But Bernie Stolar, Google's game industry evangelist, believes that will soon change. “This is going to be an ongoing education for publishers, developers, and advertisers,” he said. “It's a vision that's just starting to evolve.” In fact, casual gamers are more than three-quarters female, and are open to alternative business models, expressing broad support for advertising — eight of 10 are willing to view an ad in return for free play, according to a survey by Macrovision.

Indeed, there is tremendous growth in the audience for games. Research from the NPD Group shows that video game sales increased 31 percent from last June to $1.1 billion this year. Advertisers are expected to spend $183 million this year to pitch their real-world products in video games, according to Yankee Group, which predicts that in-game ad spending will reach nearly $1 billion by 2011. Microsoft and Google have snapped up smaller companies that broker in-game advertising, hoping to cash in on the burgeoning trend.

**Impression Measurement**

The day of 100 percent credit-for-sales and the “single-click” model is changing. Marketers are now moving beyond it to map out and measure the spheres of influence that lead up to a purchase. By charting these touch points within a campaign across multiple online, offline, and mobile channels, we will get a better idea of the impact these channels have on consumer behavior and the decision process.

**Engagement: The Real Future of Marketing**

Relationships are built when people spend time together. The same can be applied to marketing; the only difference is that one of those “people” is the brand. If we can measure how long someone is engaged with a company’s advertising, then we can start to get a handle on how well its branding is working. If it runs 30 different 30-second spots online, that is a possible 900 seconds that a consumer could spend with the brand.
Currently, most digital video advertising is intrusive — preroll or in-stream — so there is little a media agency can do to measure whether viewers are really engaged or even tuned in to the video. However, if brands let viewers initiate the interaction with video material and let them control the viewing, then they will get a fairly accurate measurement as to how long they were engaged. This can be achieved through ads that can be skipped or clickable overlays, for example. So do you stop all preroll and other intrusive forms of video advertising online and only focus on those placements that can be generated or initiated by the user? Not all, but it is time to shift more of the branding budget to online, especially because the Internet makes branding much more accountable than it has ever been.

ABOUT NGT

NGT (Next Great Thing) is a group within Fleishman-Hillard that tracks youth-driven communications trends throughout the world. Our aim is to stay three steps ahead of popular culture by looking at the “Global Youth Tribe” — the young tastemakers on the vanguard of the digital future.

Essentially an R&D think tank for the entire firm, we provide deep market insights that inform decisions about direction, investments, and strategy across all audiences. By recognizing how young people are using today’s new mediums, we are taking communication where it has never gone before.


Find More Information:

Contact:
Alan Rambam alan.rambam@fleishman.com
Allison Mooney allison.mooney@fleishman.com

Web Site Links:
Next Great Thing
Fleishman-Hillard

Related Fact Sheets:
Next Great Thing
FH Youth and Mobile