

The future of advertising, updated Mar 08

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The building of virtual worlds and virtual communities on the net is an indication of the attraction of cyberspace as a place where people can socialise and satisfy the urge to create. These people are there because they enjoy being part of the community, they want to interact with other people, be part of what's happening, be trendy, and they want other people to see things that they have created, and explore other people's imaginations and interact with them too. Many virtual communities and worlds exist now, some are just simple chat rooms but others have a wide range of bells and whistles added on. They all aim to instill a sense of community among the regulars. Some of the regulars spend hours a day there, though there is already some evidence that the trend might be starting to level off – people only have so much time.

Their hosts generally spend a lot of money, giving free space to their residents and providing them with tools and materials for their construction. But of course, they make even more by advertising (and some manage to charge fees for related services). Since many people are community residents so visit regularly and others come to explore the many sites available, advertising rates can be high. Most people don't mind 'paying' for the 'free' space by allowing these adverts and of course, advertisers are very willing to pay handsomely to target audiences who are generally well educated and affluent. The main advantage is that groups can be targeted very accurately, since each type of site tends to attract certain types of visitor and residents.

'Banner' advertising is fast falling out of favour on the web, but more savvy advertisers are using product placement opportunities in virtual worlds. Many companies are experimenting with possibilities, such as buying islands in Second Life and treating them as corporate theme worlds.

Also, for many products now, a high proportion of the selling price is justified by the street image that goes with the product, rather than the physical item itself. This means that for some appropriate products, creating an appropriate virtual image and associated behaviours in virtual environments could cost in if this spills over into the real world sales. This form of advertising could be much

more subtle, much less in your face, utilising techniques rather like product placement in films. However, in films, the viewer has no direct interaction with the products. In cyberspace, some will be an active part of the environment and their operation may exactly mimic the real world operation. People using these in cyberspace and finding them suitable may be more likely to buy in real life. Other products may be used by other inhabitants of the environment.

In fact, there is already a substantial market for selling virtual products in their own right, not just as links to real world versions. The reasons people are prepared to pay for things that only exist in cyberspace are basically the same as they buy things in the real world. They want the ownership of the object, the status that goes with it, or want to make use of functionality it offers. Of these, the status is probably the most important. People, especially young people, are obsessed with creating the right image so that they fit in with their peers and are considered part of the group. This 'me too' value is often overlooked. Once part of a group, they want to be higher in the pecking order, so will happily spend more on things that help towards that goal. It really doesn't matter whether the things that help are physical or virtual. If the peer group is on-line, then virtual is more appropriate.

Of course, today, many of the adverts that we see on TV are more fun to watch than the programmes that they interrupt. Manufacturers who produce well designed web sites are already proving that a similar trend exists on the web. By providing attractive or useful sites, often with services, games or chat areas unrelated to the product, manufacturers can gain a few short term sales, but more importantly, change the user's longer term perception in their favour.

However, as an outsider, I find it very surprising just how little companies make of the opportunity to attract customers by giving them what they want. A great many very popular sites have sprung up over the last few years, such as YouTube, which was created by a couple of relatively ordinary techies with a half-baked idea. Now they are very deservedly rich. But why do we not see innovations like this from the big corporates? They don't even have to be linked to what the company does, they can be justified perfectly happily simply by the advertising potential they offer and the increases in brand awareness.

Already, people can buy furnishings after seeing over the internet how their living room will look with the products, with obvious opportunities for automatic interior design services too. Although the shopper may be looking for one particular item, the opportunity exists to show many others in a favourable light, encouraging the shopper to buy more. This need not only apply in the same room, the environment or computer may remember the other things the user has bought over a period and may sometimes allow product suppliers to

illustrate or demonstrate their products in suitable situations, having held the 'advert' in memory until then. This is in line with the notion of advertising on demand rather than pushing advertising at the user. Sometimes people want to see particular adverts. The key here is that the user stays firmly in control.

However, it can go much further. It is easy now to link real and virtual things together, so that when someone buys something, it has not just the physical but the virtual built in. Furniture could radiate virtual imagery as well as looking how it does in the real world. The duality of real and virtual will become a major new platform over the next few years.

Today, video visors are starting to appear, and soon, many people will be wearing them as they walk around, just as some do today with Bluetooth phone headsets. The head up display achieved by using a video visor is an ideal platform into which to place adverts. Of course, people will not accept junk into their field of view, but will certainly welcome appropriate information that helps them find what they are looking for. The secret therefore is the clever use of context and knowing as much as possible about the person. If my computer knows where I am, who I am with, where I am going, why, and what I intend to do when I get there, then it can suck relevant advertising material from the net via the ubiquitous wireless communication that already exists. Such pull advertising is much more likely to result in a sale than bombarding people with stuff they don't want.

Your computer will get to know you, what you do, who you talk to, and what you like to buy. The notion of brands in such a world will take a severe beating and there will be substantial changes in market structure. That is because the computer will do most of the 'shopping around', only presenting a few options to choose from. With detailed knowledge of your lifestyle, it can search across the thousand of options for the ones that suit you best, many of which are likely to come from companies you have never heard of. And with the already proven potential of the net to enable 3rd party reviews, it will be more and more difficult to fool customers into buying unsuitable things.

Finally - and this is really irritating, since this is at least 10 years overdue - because of the dumb broadcast nature of conventional media, advertising misses out on a key market: time-flexible purchasing. All of us are thinking of buying lots of things, but often don't have any time pressure for some of them. I want a sub-woofer, one day. Yet the adverts in the papers all tell me what is available now and try to pressurise me into a quick decision with 'offer expires soon' notices. I wasn't born yesterday. I know that the next offer will be even better, with a better product for the same or even a lower price. It will always be better next month, but I don't want to wait for ever. So what I need to know is *what*

can I get, when, for what price? Then I could make up my mind and buy. There is no means of doing this. The adverts won't say and the staff won't even admit that they will have a better offer next month, let alone tell me the details. They probably think they are forcing me to buy the current offer and gain an earlier sale, but they just put me off. I want to make a bid, say, £500 some time in the next 3 months - what will you offer me? Advertising on the web could easily cope with this, executing algorithms or using look up tables. Why doesn't it? Probably partly because the web site designers don't understand the customer's needs, but not just that. I think the problem really is that they are stuck in the same mental trap that has caught out most of the people deploying IT. They just take yesterday's paper systems and make an electronic equivalent, instead of thinking through from scratch how the problem should be tackled using the available new technology. If they would use a little more imagination, they would be a lot richer.

See also “The Future of Air”, and “The Future of Marketing” for more related ideas.