

Broadband battle hots up with the entry of Sky

The world of broadband grows more interesting by the day following Sky's entry along with that of other big name operators. The most interesting aspect, however, is Sky's stated willingness to suffer massive short-term losses to claim its share of the new multi-media future.

Who are the newcomers? Well, stalwarts like AOL, BT, NTL-Virgin have been joined by Carphone Warehouse, Orange and now Sky with its 'free' offers. To date, Sky looks the most interesting. Carphone Warehouse was overwhelmed by the response to its Talk Talk package, leading to a collapse in customer service levels, while the Orange deal is promoted in what appears a half-hearted fashion.

Sky, of course, has a proven track record in customer service and the strongest marketing support behind a consumer tech launch. Twice before, it has 'bet the farm' and won (taking over BSB and then with the switch to digital). Spurred on by the Murdoch clan's vision and ambition to dominate TV (in whatever new form) and its reputation as a 'stayer', Sky is willing to stake some £400m on the new broadband TV future. But then, it's always been determined to seek a dominant position in transmission as well as content.

Arguably its main competitor - in the supply of broadband services, at least - will be BT, which has made an impressive start. Sky has the advantage of price, content and competitive strength, but service is restricted to its own subscribers. Since Freeview is the fastest growing platform, BT probably has less to fear currently - at least in terms of growth, retaining existing users and securing new ones.

Consumers and advertisers are now expected to be the main beneficiaries. Commentators expect Britain to be at c. 70% broadband penetration by next year, heralding a digital economy and driving online marketing budgets higher.

The only note of caution stems from concerns over clearance of ads for broadband usage because of artists and music rights.

32% of broadband users are not prepared to pay for online content

Online ad spend will account for 7% of all ad spend by the end of 2006

20% of UK broadband customers have opted for triple play services vs. 11% EU average

Broadband users spend twice as long online and view over three times as many web pages than those with dial up

Half a million people are using VOIP (voice activated services on the internet)

InFocus

Retailers need for media buying and planning

The most urgent need in retail is to tailor media planning and buying to a client's specific requirements. That's why, in May 2006, Starcom launched Starcom Retail+, the first agency in-house dedicated retail division, geared to understanding the link between communications, consumer motivation, footfall and sales.

As a 15-strong team handling over 18 clients, we are specifically set up to service the dynamic nature of the retail businesses, delivering commercially thought-through plans, at pace.



Our use of all relevant available data such as footfall, sales, and online search, coupled with the Starcom Retail+ bespoke analytical tools, allows us to give commercial interpretation to all our clients' challenges and devise bespoke solutions to their individual business objectives.

The comprehensive nature of our data came into its own when we were approached by one of our largest retail clients. It had a problem with traditional analysis due to the range and variety of its products and the number of influences contributing to sales performance.

We combined a number of new performance measures such as 'buzz' and immediate data sources such as 'online search' with more traditional measures, like 'sales and footfall', enabling us to deliver bespoke analysis. This improved all future planning strategies by isolating not only what media 'does' and 'when', but also allows us to set parameters for the levels and type of media investment to drive footfall.

Consumer behaviour, business challenges and a tough economic outlook mean media has to adapt to these commercial challenges. Starcom Retail+ accepts these dynamics and delivers a commercial media advantage to all its clients, in a continually challenging market place.



Jamie Pearson
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