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On the slack track

In the wrong hands, bigger online budgets may fail to materialize into market growth by Vanessa Khalil

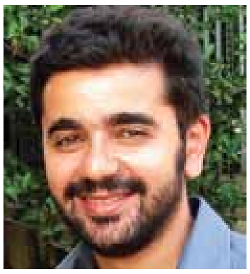
No doubt, the Lebanese digital advertising market is set back by a relatively small online population. But beyond this sad reality, there's a lot the industry could do to move forward confidently, faster.

As Marc Dfouni, CEO and managing partner at digital marketing firm Eastline Marketing, says this population is bound to grow bigger; and "in the meantime, agencies should educate brands on how to choose a digital agency, how to measure an ad campaign performance, and how to bridge offline and online," he says. That's a lot, true, but there's no way around making these improvements.

THE JIG IS UP. The advent of social media in Lebanon four years ago brought in big business for digital companies, which proliferated, chipping away at online budgets. They quickly tapped into client portfolios of traditional agencies that were lagging behind in both online offering and talent. "In 2008 and 2009, we started getting clients from two different sources: 70 percent through agencies, and 30 percent from direct sales," says Dfouni.

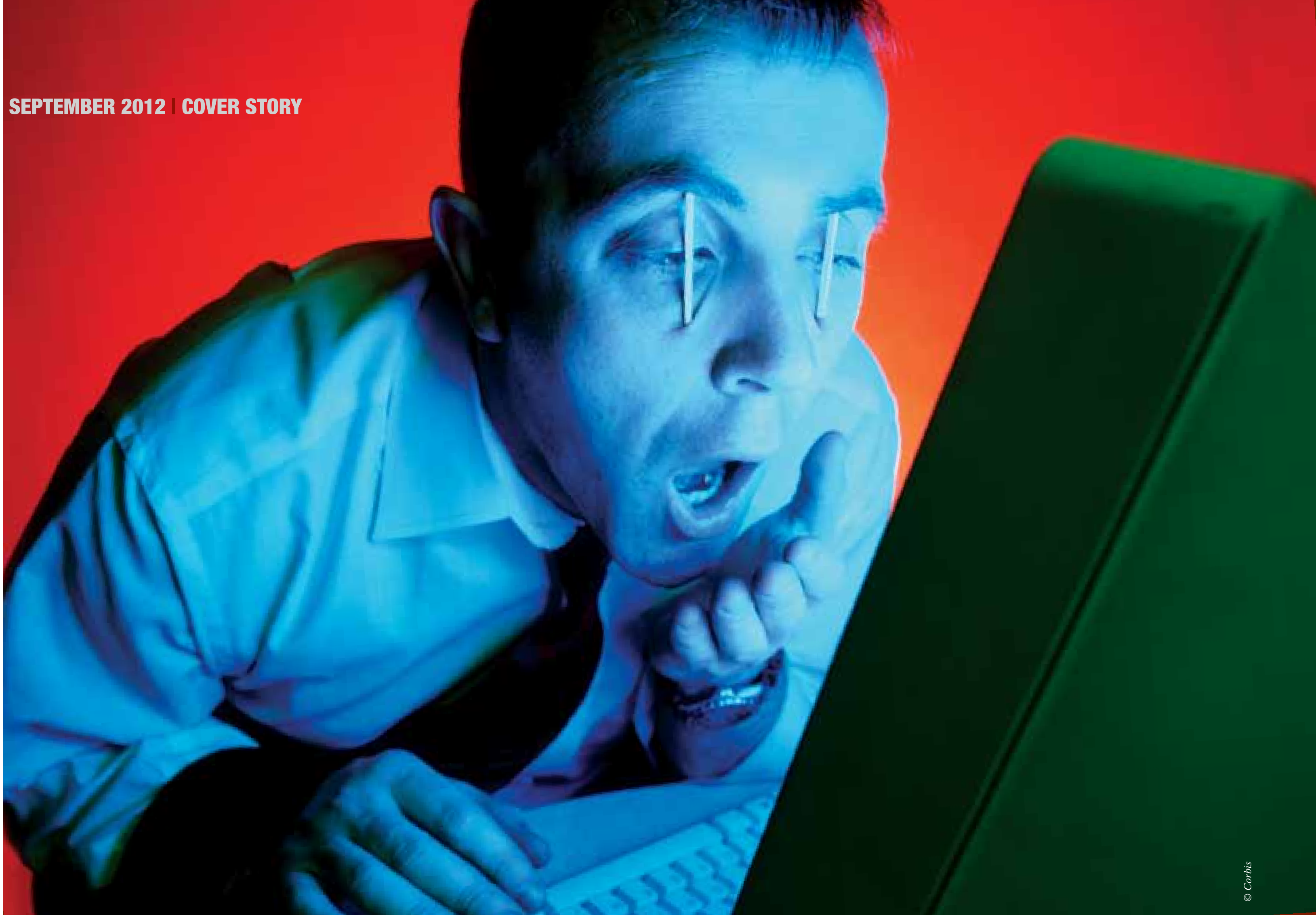
But, as traditional agencies set up their in-house digital facilities and flew in trained talent from abroad, budget blunders became clearer; for the most part, Lebanese digital agencies had a short-term vision, focusing on their cut of online media money then and there, with little to zero strategizing for the clients. Charbel Kahaleh, digital media manager at media agency Vertical, recalls: "[When I joined vertical] I met with almost all [digital agencies] because I didn't want to close the door on any opportunity. Eventually, I thought, why outsource something I do better on all levels?". His task list focused on closing the loopholes through which third parties were entering, mainly with regards to quick bucks they were making from overpricing and overselling ad placements; "which is why we established direct relationships with suppliers such as Yahoo! Maktoob, MSN, and Net Advantage," says Kahaleh.

Joubran Abdulkhalek, media manager-digital at Starcom Mediavest Group (SMG), had to overcome another hurdle: showing clients that their money was translating into real impressions, click-through and conversion rates online, a task once made impossible by the reluctance of outside agencies and even publishers to reveal real numbers, or tell the truth, for that matter. "Starcom [Beirut] used to work with a separate agency [to book media online], and we cut them off. They didn't use DoubleClick (Google's ad server, with which SMG has a global deal), and they would lie about numbers," he says. Recently set up ad servers have managed to neutralize the ground on monitoring online media, acting as third-party referees of ad and campaign performances, and tracking impressions and clicks delivered by each. They have also posed a threat for local digital agencies whose business solely relies on media booking. "The creative agencies that do digital have creative ▶



MARC DFOUNI. *CEO and managing partner at Eastline Marketing*

CHARBEL KAHALEH. *Digital media manager at media agency Vertical*



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EYE OPENER. *The industry starts to understand that being online needs real expertise and passion*

AYMAN ITANI. *CEO of digital consultancy firm ThinkMedia Labs*

JOUBRAN ABDULKHALEK. *Media manager-digital at Starcom Mediavest Group (SMG)*

[work] to fall on, but those that strictly do online bookings, they will die out eventually," explains Abdulkhalek.

MESSY MÉNAGES-A-TROIS. Today, supported by their growing internal digital departments, traditional agencies are oozing confidence; not that they always should, according to Dfouni, as he says that since 2010 and onwards, the breakdown of his clients shifted again in favor of direct business, which now makes up 70 percent of Eastline Marketing's portfolio. He adds that some agencies still approach Eastline Marketing as a silent supplier. "With [M&C] Saatchi, Mindshare, Impact [BBDO], IB2, we both work with the client. You have agencies that undercut this relationship like Intermarkets. We worked on Almaza through Intermarkets, until they restructured and set up their own digital force. We didn't do their last campaign. Same for Kotex, Memac [Ogilvy] are building their own digital capacity. It's not their fault. Instead of coming to experts and asking for advice, they take on the challenge. Most times they fail," he explains, adding that, simply put, a three-way only works if all three parties are introduced to each other, and are fully involved in the process.

And for Interesting Times' creative director and partner, Jimmy Francis, and strategy director and partner, Ashraf Mansour, it does not work at all, unless third-party agencies take their fair share of the job from start to finish. "We don't like to work with agencies only as a digital agency. We're a full-service agency," says Mansour, while Francis adds, "If there is $100,000 as an overall budget, and you as a digital agency come up with an idea that costs 60 percent of that budget, those could have gone on another channel that an ATL agency could have benefited from," a rationale that has pushed some traditional agencies to resort to crafty tactics to lure clients in, having digital agencies work only on pitches, and then letting go of them along the way. "It happens all of the time. We worked once on a big pitch with a big agency in Dubai, we helped them win the pitch based on our digital strategy. They stopped working with us after they won the pitch; and they're not even doing digital for the campaign anymore," explains Francis.

Such incidents might signal a short-sighted vision of digital within some traditional agencies, and explain their relatively small investments into growing their internal pool of talent, despite their bigger ones in acquiring boutique agencies and creative hot shops. "Boutiques help raise the bar, they have a lot of creativity. And this puts big companies on their toes. Sometimes the big ones acquire the small ones to have the missing piece of the puzzle. I think it sometimes limits the creativity, but [big agencies] do that to stay above water because it's a very fast-paced industry," explains Joubran.

COACH THE CLIENTS. If acquisitions are the easy way out, Kahaleh says efforts to make sizeable investments into the growth of digital departments are hindered by a vicious circle that starts and ends with agencies. "To get talent you need money, and most [agencies] are not investing [in hiring digital people], because digital spending is small. It's small because there isn't much talent to sell it. And if you have the right person to sell it, you will be able to convince your client on what works and what doesn't," he explains. Abdulkhalek adds, "Every client overseas has a team of five working on digital, and here it's the opposite. The load of work is incredible," forcing digital departments to focus on only serious online spenders, which Francis says are mainly multinational brands operating in the region and the country that "are being forced by their global headquarters to spend a big chunk, up to 40 and 50 percent, of their budgets on digital".

Kahaleh says some of his clients' online budgets saw ten-fold growth, now making up around 15 to 20 percent of their media spend, compared to 2.5 percent two years ago. Likewise, Abdulkhalek says that "spend on digital media is growing substantially, not by 5 or 10 percent. In 2012, compared to 2011, the growth [of online spend for Starcom] was 100 percent."

Such numbers, however, do not necessarily reflect a maturing market, as local clients still look at digital media as a communication expenditure rather than a tool, and treat it as such. Ayman Itani, CEO of digital consultancy firm ThinkMedia Labs, says that although he feels the clients' maturity level has picked up in the past three years, many still consider a basic online presence to be just about enough. "A lot of people are still at the basic stage – setting up Facebook and Twitter accounts, running online ads… But some are looking at more advanced models to follow. Usually, if you have management buy in, things become easier, less resistant. It still is a lot of work," he says, adding that one concern particular to media owners crossing over to online, is the possibility of digital media cannibalizing their traditional business.

According to Dfouni, much of the local online potential remains untapped. "Ten percent of [local clients] think of brand equity on Facebook, and 90 percent consider the number of fans and followers as a main KPI," he says; this explains why his team often get requests to shortcut their way to results by buying Facebook fans, Twitter followers and Youtube views instead of online ads – a strategy that falls through every time Facebook performs a fake profile cleanup. "A lot of franchising companies do that. They don't want to slowly build up their local fan base on Facebook; they want the potential investor to be impressed with numbers," he adds.

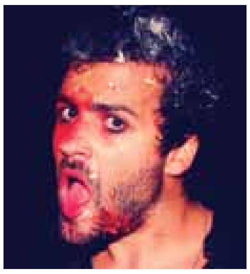
PLAYING IT BOLD. *Lebanese Brew's daring communication contributed to the brand's success*

MAKE IT INTERESTING. Local clients' obsession with Facebook might well be justified. According to analytics social media platform Socialbakers, Facebook's penetration rate in Lebanon stands at 148.43 percent, which means ample opportunities for brands to reach out to consumers. For now, local online – and specifically Facebook – campaigns are inclined toward popularity contests and lucky draws rather than creative concepts. "It is illegal to do competitions based on Facebook features, number of likes, shares, or comments, but [brands] do it anyway," says Dfouni. "This whole 'Like us and win' approach, we don't believe in it. What's the relevance of offering an iPad to your Facebook fans, unless you're iPad?" jokes Francis, because he says digital should serve as a marketing tool when need be. Consumers have the intelligence to understand a campaign that cleverly mixes offline and online. In marketing local beer brand Lebanese Brew, crossing platforms proved to be an essential success tool for Interesting Times, first with the Brave Beer Mapout app, which asked consumers to map out locations where they wanted Lebanese Brew to be distributed, and recently with another app that allowed customers to redeem a virtual beer after they've bought a Lebanese Brew six-pack, and added a layer of augmented reality to online flyers. Admittedly, Francis says the campaign works for its target market, even though it's not a mass campaign. "When it comes to mass, yes we are still sort of at the traditional stage," he says, because, often, user mindset is, in itself, an impediment to user engagement. The more effort is required from the audience, the lower the participation rate, something Dfouni learned the hard way when he worked on a campaign for Bank Audi. "People had to challenge someone from the opposite sex on a given sentence, like 'I want less shopping time and more quality time' and have their friends vote for them. The participation rate on this was very low," he explains.

But flops can also be attributed to poor online media allocation, where, in some parts, agencies fail to have the fast response needed to adapt and re-adapt messages to optimize the campaigns. "We insist that we have control of the media booking as well, because we can't bear the responsibility of the campaign otherwise," says Mansour. Francis explains: "Typically, for a campaign, you have three or four creative executions running across outdoor or magazines, so you can channel them properly. In digital, you have a lot of messages, you test 20 to see which one does well. It's dynamic."

The close-knit relationship between creative and media online also entails careful strategizing of online booking. The ultimate goal is to reach the target audience, wherever they may be. A difficult mission given the lack of data in Lebanon. ■

ASHRAF MANSOUR. *Strategy director and partner, Interesting Times*



JIMMY FRANCIS. *Creative director and partner, Interesting Times*