Beirut **online**

The digital revolution is shaking communication to the core. Where does Lebanon stand? by Ibrahim Nehme

At the Hello World_Digital Seminar held in Beirut in early March by OMD, Dimitri Metaxas, regional executive director of digital at OMG, revealed that only 4 percent of total advertising budgets in the Middle East are spent online. Metaxas also discussed how technology is changing the game dramatically.

However, according to Ipsos Stat's published figures, the amount spent on digital advertising in Lebanon in 2010 totaled $3.3 million, which represents only 1.8 percent of total ad spend ($180 million). Why this reluctance to move budgets online, at a time when digital is growing exponentially in importance?

"While brands should be spending more online, I understand their skepticism as the online world in Lebanon is still relatively unexplored and no serious studies have been conducted to measure demographics, reach, and behavior of Lebanese Internet users," says Michael Chaftari, digital planner at Leo Burnett Beirut, adding that there is also very little previous work to use as a frame of reference for campaigns.

Besides, according to Omar Habib, former regional business acquisition manager at creative agency RMG/JWT, the market is ruled by an old style of management that is slowing any improvement of marketing practices in the country, just because it has worked before and it sells. The problem, he says, is that general marketing practices in the country are so myopic, and merged wrongly with the sales and finance divisions, that it makes it very difficult for the clients to start fathoming digital marketing.

"Lots of clients still regard having a website as a luxury, not a necessity," says Ziad Al Chami, general manager of Web agency Eye Digits. "They think having a website is a prestigious thing. A client will put the URL on his business card, whereas his e-mail would be on a Hotmail account." Chami also points to the fact clients "think that online marketing consists of having a group on Facebook with 1,000 people.

"It's very nice, but it's also very wrong, because online marketing is not only Facebook. Facebook is No. 2 on Alexa, yes, but they wouldn't care if their [own] website ranking on Alexa was 2 million. They are about these 1,000 on Facebook only."

MARKET APPEAL. Yet, despite this disinclination to invest online, the Ipsos Stat figures indicate a significant 10 percent increase from 2009. There's no denying that interest in the medium from clients and ad agencies alike is increasing; both are realizing that if they don't invest now, they are only going to be left out. "If we don't ride the wave, we will be missing a big chunk of the work we do as communicators," says Joe Ayache, managing director at Impact BDDO Beirut. Since digital has become an integral component of people's everyday lives, choosing to be online or not simply isn't an option.

"Clearly, the market is growing," says Fadi Sabbagha of digital agency Born Interactive. "We can see it from our figures, from the response of our clients and the requests we've been getting, even in the worst of times. Awareness has increased dramatically, especially after everybody saw how [social media] stirred revolutions across the Arab world."

Clients are beginning to see and reap the benefits of online marketing: lower cost, higher visibility, better targeting and more flexibility. ▶

OMAR HABIB.
Former regional business acquisition manager at RMG/JWT

FADI SABBAGHA.
CEO of digital agency Born Interactive

TAREK DAJANI.
CEO of digital agency Cleartag

Most players have been embracing digital: ad agencies are setting up digital departments within their traditional agency structures and clients are approaching digital agencies to do digital work without having to go through their ad agencies.

"In a year's time, digital moved from being something that only the adventurous would venture into, to something that everyone wants to do, and this is suddenly being reflected in budget allocation," says Tarek Dajani of digital agency Cleartag.

"In the past, clients would approach us after they've done all the communication work with their ad agency, and ask us to adapt the campaign visuals online. Now they want us to help them put together the digital budget of the entire year. Sometimes they're even thinking of a different strategy for digital that's not necessarily shadowing the offline strategy," he adds.

BEHAVIORAL SHIFT. So budgets are increasingly spent on digital in Lebanon. But does that translate into successful campaigns and approaches?

As Metaxas mentioned during his presentation, social media is not a media channel, it's a behavior, and a lot of marketers are still failing to grasp this change of approach. "People speak of the growth in digital in terms of numbers, but they forget to see how it's imposing a social change that we have to embrace, understand, and address. There's a whole bunch of new consumers who hardly watch any TV, read magazines or buy newspapers," says Ayache, adding, "They are the consumers of the future that marketers are not talking to."

"Going online" isn't simply a matter of building websites and Facebook apps. It's a complete transformation in one's way of thinking, says

Dajani. "With the emergence of the device universe, suddenly everything and everyone is connected and the focus is not on Internet penetration, but on everybody who is connected: my mother, my grandfather, my friends, my colleagues."

However, a lot of marketers still think of the Web as an outlet to place advertisements and push marketing messages, and are approaching digital marketing in the same way they approach traditional marketing. "They care about gathering as many people as they can to like their Facebook pages, instead of directing their efforts toward creating real engagement," says Cyril Hadji Thomas, CEO of digital agency Keeward. Dajani goes even further, saying that marketers "still think about it in an above-the-line/below-the-line mindset, and even some are trying to figure out whether digital falls under ATL or BTL."

As Habib puts it, the digital spectrum is a tool, a means to an end, to finally start creating relationships between brands and people, which is, after all, what marketing is really all about. "We're still doing marketing communication, nothing has changed. Digital only forces us to see that there's a relationship to be had," he says.

AGENCIES FACE OFF. Those who have jumped on the bandwagon are doing it any way they can, and that's probably why there's such a plethora of banner ads, e-mail bursts, e-newsletters and Facebook presence like we've never seen before. But Habib says this sudden surge in e-communication is rooted by the fact that "it's just what [clients] know, because that's just what their ad agencies and marketing consultants know."

If a few years ago clients weren't receptive to digital activations, "it was because ad agen-

cies didn't understand them and therefore badly explained them to their clients, putting whatever digital ideas they had on the last slide," says Jocelyne Tawk, digital account manager at Impact BBDO. This, she adds, has de-motivated clients and lowered their interest in digital.

However, Tawk quickly adds that today ad agencies, especially the big networks, are aware of the fact they can't realize a brand or a campaign idea without digital. Hence the creation of so many digital departments, arms and/or subsidiaries.

But is starting digital departments at the agency the solution to all digital predicaments? Maybe not, at least according to Sabbagha, who says the problem with ad agencies when doing digital work is that they're relatively new to the industry; therefore their approach is driven, to a large extent, by a traditional advertising mindset. "Most of them, even the ones who have digital departments, may come up with digital concepts, of which a lot fail on usability and technical implementation because the agencies' digital experience is limited. They're used to the message that runs fast [one that expires versus a conversation that builds up] and remains a message as opposed to a real interactive experience," he says. Dajani, says he believes that digital agencies, like his, understand the digital mindset by virtue of the nature of their work.

"Companies that are fully digital at the core are very well geared to benefit from a new world where communication is not just about a message [as opposed to a conversation or a relationship]. Digital agencies are primed to be at the center of communication," he says.

Today, digital agencies and traditional agencies are facing one another in an awkward relationship not void of synergies. However, they are strained by underlying defiance and confusing mechanics in the work process. "Ad agencies like to think – incorrectly – that digital agencies are like the production companies who produce their TVCs, and this is not the right alignment," says Dajani, who claims that, on the other hand, most clients prefer to work with just one entity. "So they ask the ad agency to deal with the digital agency, or if they work with both, then they'll have a hard time liaising between the two agencies. There's confusion at this point as to who creates what role when. But, if [advertising agencies] keep thinking that the digital agency is simply a company they outsource to for the development of websites, then at some point in the future these companies they're outsourcing to will become their competition," he says.

Marc Dfouni, CEO and co-founder of on-line marketing strategy firm Eastline Marketing, even says that digital agencies becoming the new competition for ad agencies would be the natural evolution from offline to online.

"Ad agencies don't have the right resources to strategize any online activation; they don't have the technical know-how to implement these strategies, and their profit margin on online is much less than on offline," he says.

CENTER STAGE. *Digital agencies are primed to play a pivotal role, says Tarek Dajani*

The new trend in "digitalization" of traditional agencies may even push online agencies to follow their tracks, only the other way around, and venture into more traditional territories, says Sabbagha, who believes the more the ad agencies decide to integrate, the more the digital agencies who are experts in their fields will also decide to integrate. "Either we create a balance where we complement each other, or we will overlap, and in this case, digital agencies should better understand the industry as they may have to extend the scope of their services to handle the clients' needs. In the same way that it's easy for ad agencies to bring in digital experts, it's also easy for us to bring marketing experts," he says.

DIGITAL RACE. Obviously, advertising agencies have quite a different perception of this apparent arm wrestling and, most importantly, of its possible outcome. According to Leo Burnett's Chaftari, digital agencies positioning themselves as alternatives to ad agencies in the online world are on the wrong track. "At some point there was a void left by ad agencies that was filled by these digital agencies, but today ad agencies are moving back into that space and that's the way it should be," he says, considering that agencies know the brands and people best, and work on communication strategies and ideas on a brand level that lead to executions across different mediums, digital being one of them.

"Having multiple agencies working on different aspects of the same campaign leads to schizophrenic communication and hurts the brands in the end," he says. ▶

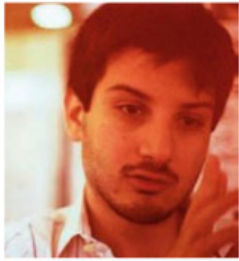**JOE** Managing director at Impact BDDO

CYRIL HADJI T CEO of digital agency

ZIAD AL General manager of Ex

MICHAEL CHAFTARI.
Digital planner at Leo Burnett Beirut

MARC DFOUNI.
CEO of Eastline marketing

JOCELYNE TAWK.
Digital account manager at Impact BBDO

Arguing that one should go back to the conception of these digital agencies to understand the current situation, Ayache goes as far as saying that digital agencies' founders are "people who knew how to design a website; they launched themselves on the market on that basis and started providing their services to agencies and clients from a pure technical angle. So they started as technical entities and grew as technical entities because they had to approach websites as projects. They have a different disposition from the standard ad agency because they were not equipped to think like an ad agency from the beginning: they don't have the capabilities to work from a 360-degree perspective and they don't have strategic planners or marketing people to create advertising in the sense that we understand it. They don't know how to make a TVC or a press ad; they will need a lot of planning, marketing and creative skills that they don't possess."

This sensitive issue was touched upon at the ArabNet Shift Digital Summit that was held in Beirut in March (see page 28). During one of the panels on digital marketing, Yousef Tuqan Tuqan, CEO of Dubai-based digital agency Flip Media, said that since in the future every communication touch point will have a digital element to it, the role of digital agencies is bound to grow, not only in importance, but also across various communication channels, including the ones that, for now, are considered to be in the ad agencies' territory (billboards, direct mailers, TVCs, and so on). According to Tuqan, the one thing that differentiates ad agencies from digital agencies is that they have a completely different business model; a traditional structure center has three main departments – creative, accounts and production – and the way of work is very linear, whereas in digital it's much more flexible and agile. As a result of this difference that favors digital agencies' efficiency, traditional companies will have to step on the gas in order to compete in the digital era.

But is the system missing the point or, at least, is it not yet on the mark? According to Habib, ad agencies still have problems dealing with digital internally; something is still missing in their strategy and vision, even among the ones that have taken the lead and merged with digital entities (JWT absorbed its CRM and digital arm RMG, and Leo Burnett absorbed Arc a few years ago). On the other hand, digital agencies are stuck in their territory. "They're so entrenched in where they are, they need to meet the ad agency halfway. They are too focused on the technology, while there is a user experience that has to be had. They lack the middle ground in terms of communication and providing customers with an experience. Very few agencies have user experience specialists," he says.

As things stand, the many challenges that are hampering or may hamper, either today or in the future, the partnership between advertising and digital agencies, are slowing down the trend towards online work and investment. With the fast pace of evolution in the digital sphere, particularly with the events taking place across the Arab world and with the expected introduction of 3G technology (a recent mobile internet technology much faster than GPRS, which is currently used in Lebanon. 3G would make Internet connections very fast and allow more people to start accessing it via their mobiles) to Lebanon in the coming year, it will be interesting to watch how the market, and the relationships between the different market players, will develop. ■