

STAYING A STEP AHEAD OF TELEVISION'S NEWLY EMPOWERED VIEWERS

by David C. Tice

As digital devices transfer content control to consumers, marketers need to rethink their assumptions about technology, media, and advertising

Television is changing at a pace unprecedented in its relatively short existence. Earlier shocks to the system—color, remote controls—seemed gradual; now we are in the middle of a decade of rapid-fire transformation, thanks to digital technology in all its forms. While previous changes modified some of the circumstances of TV watching, the current television revolution is reshaping the fundamental relationship between the consumer and television—and video entertainment generally.

The early-adopting viewing audience is embracing the advent of the on-command model—in the form of digital cable, DVDs, DVRs, video on demand, and Internet-based video. This paradigm puts control of the medium firmly in the hands of its users—and because just about every other mass medium

can be consumed in a nonlinear manner, it is no surprise that people are embracing this flexibility.

The threats to the existing marketing infrastructure that is centered on television are substantial—and the opportunities may be even greater. But your toolkit must include a willingness to imagine the media world as it might be, a commitment to experimentation in your fundamental approaches to media, and a focus on finding new ways to measure this changing world.

FROM TECHNICOLOR TO TURBO-CHARGED

Since TV's introduction to the mass market in the early 1950s, the technology has always been evolving. Color sets and remote controls in the 1960s; the expansion



DVD:
Digital Video Disc

HDTV:
High-definition Television

VOD:
Video on Demand

DVR:
Digital Video Recorder

of cable TV and the rollout of VCRs and videogames in the '80s. Then change shifted to a higher gear: digital satellite TV in the mid '90s; DVD players and digital cable in the late '90s; HDTV, DVRs, and VOD in the early '00s.

TV in the twenty-first century has also been profoundly affected by the Internet, which not only changed our daily media mix, but also created a much deeper dialogue between consumer and medium.

As all of this change has been gathering steam, the business fundamentals surrounding TV have been essentially running in place. Though targeting via cable channels is now pretty well understood, television is still used as the ultimate mass medium—pushing broad messages to the largest audience as quickly as possible. Despite the fragmentation of TV audiences and seasonal outrage about the upfront, reported CPMs for the major networks have continued to climb. And, as has been widely reported in recent months, the system for measuring television nationwide and locally is antiquated; newly introduced “people meters” that have generated such controversy in key cities are, in fact, already in need of updating.

EXPECTATIONS IN TRANSITION

TV has also been deeply influenced by its audience's experiences with the Internet. While nearly all research by Knowledge Networks/SRI and other reputable media research firms shows that Internet use has had little effect on overall TV use, in terms of minutes, its impact as a shaper of

expectations has been unmistakable. In a world where productivity is on the rise and the time to digest content and entertainment is being compressed, the point-and-click format of the Internet makes sense. You read, listen, and watch only what you want, when you want it. “On-command” digital devices and storage formats are moving beyond the mainstream—whether it is through MP-3 music files on a PC or iPod, or through digital video from a DVD, VOD, or TiVo.

Our recent study *How People Use[®] Interactive TV*¹ concluded that the resonant benefit of greater interactivity for viewers is the greater control of their viewing experience. People are driven to interact with their television/set-top box to find programs, to get more information about programs, and to navigate through the hundreds of networks now available to them. To paraphrase a common sentiment—“I watch less TV but more of what I like.” It is eye-opening to see that about 40 percent of TV homes now get their TV through a digital cable or satellite TV service. It is equally interesting to see that DVRs, long declared the herald of the end of TV, are still in relatively few homes.

NO EXCUSE FOR DISSATISFACTION

With television, the desire for control and the wish to “just veg” are in an almost constant tug of war. Unlike the Internet, television is a place where consumers go to clear their minds and be passive; though they may flip channels to avoid commercials, many would much prefer to put the remote down for as long as possible. But the

¹ To read more about this study, please request a digital copy from our web site: <http://www.knowledgenetworks.com/sri/hpu.html>

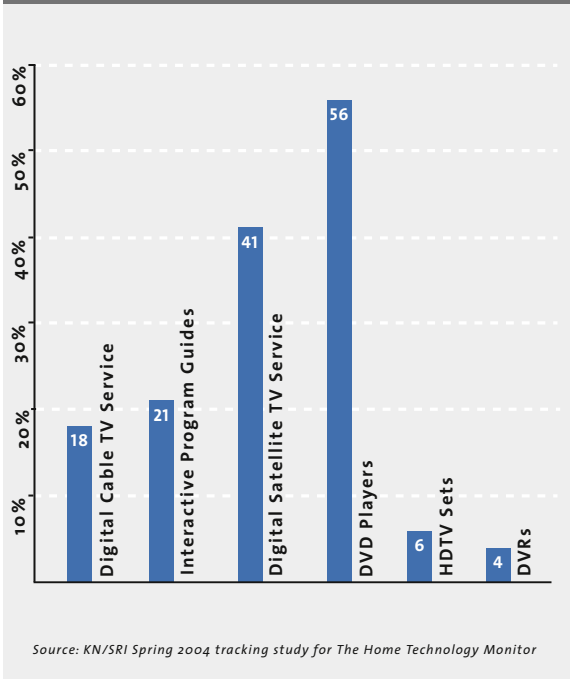
TiVo:
Subscription-based
DVR system

VCR:
Video Cassette Recorder

proliferation of channels and sets and the options of watching DVDs and other media have raised the bar; there seems to be no excuse now for watching something that doesn't really appeal to you.

In fact, the "sociology" of TV viewing has also undergone a dramatic change. As in other aspects of their lives, consumers now combine other activities with television more often—whether it be talking, eating, surfing the Internet, or paying bills. The ability to split cable feeds to a variety of rooms and sets has created an even greater demand for "what I want to see"; each family member is more likely to retreat to a room where he or she can watch favorite shows or channels. Even more than in the past, the factors that surround television exposure are growing in importance.

CHART 1: DIGITAL TECHNOLOGY IN AMERICA'S TV HOMES (2004)



HOW MANY COMMERCIALS ARE TOO MANY?

Nearly all of the emerging digital TV technologies are seen as threats to the existing ad model; but is that really the case? In a recent study looking at early adopters, Knowledge Networks/SRI found that two in three felt that commercials were a fair price to pay for TV programs. However, three in four would prefer to stick to the networks' fixed schedules—and be able to skip ads—than to watch their favorite programs on-command and not have the ability to skip ads. And three in four respondents were also against restricting ad-skipping in new digital devices even if it affects the existing network business model. So to early adopters, it appears that ads are a fair price to pay—as long as someone else is doing the paying.

In response to these anti-ad sentiments and devices, advertisers have increasingly been trying to integrate their products into TV programming itself—a trend whose roots stretch back to the soap-sponsored afternoon dramas of TV's early days. One recent trend has been almost paradoxical—advertisers sponsoring ad-free hours of television, as Miller Brewing Company has done with the new FX drama "Rescue Me." If consumers are looking to avoid advertising, then why not make yourself the champion of ad-free TV? (The gambit has been working pretty well for HBO.)

MEASURING THE AD-FREE FUTURE

But for marketers mindful of ROI, innovations such as product placement—not to mention ad-skipping DVRs—bring a

single word to mind: *metrics*. As audiences continue to be more fragmented, television ratings samples will be sliced thinner and the resulting data more liable to the increased variability of small sample sizes—and that's assuming the technical ability to even measure the new television technology being used.

Even today, those who use television ratings know that new technologies can eliminate many sample homes as “technically difficult.” To look at a concrete example, DVR ownership is known to be a criterion for exclusion from the TV ratings household sample, potentially leading to significant gaps in the sample compared with the true universe. In addition, the effect of this gap is increased because DVR homes are very desirable for marketers—they are disproportionately affluent and tend to be heavy media users.

In addition, the metrics for measuring tactics such as product placement are rudimentary at best. Counting seconds of TV screen time and putting a mostly arbitrary

KNOWING WHEN AND WHERE YOUR TARGET AUDIENCE WILL BE MOST RECEPTIVE TO ADVERTISING IS ESSENTIAL TO CUTTING THROUGH THE CLUTTER.

value on each second is hardly good science. The industry needs to be as imaginative about its search for new, comparable forms of measurement as it is about divining new advertising and promotion opportunities.

When is the best time to get the *attention* of a target consumer—evenings or mornings? On which channel or channels? Combining this kind of environmental learning with standard ratings data is becoming essential for counteracting fragmentation and diminishing attention spans. These broader questions of involvement are ones that Knowledge Networks/SRI has been studying for decades; those data can be used to provide a context for TV ratings. By determining the target audience and working from a portrait of their typical viewing patterns, one can project the *quality* that an ad exposure in a given TV environment will provide.

MARKETING TO THE EMPOWERED VIEWER

Marketers making use of television in the future will increasingly need to reconcile their efforts to this aversion to advertising. While advertising to ad-averse consumers may seem futile, there is much to exploit if you can reenvision television and video entertainment generally through the eyes of today's viewer. Here are some thoughts:

Make yourself an ally of empowered viewers: From sponsoring an ad-free program to creating ads that speak directly to viewers' need for information, it is possible to combine a message with

advocacy of viewer empowerment. While advertising on interactive program guides is in its infancy, it is not far-fetched to imagine IPGs that will custom-deliver ads like today's Internet—based on the time of day, past

viewing habits, and personal preferences; and being connected in the viewer's mind with a device that makes customized viewing more convenient is a potent association. Another option is to let the viewer opt in to your message through a VOD commercial; a library of well-produced marketing programs may help battle the erosion of regular TV advertising.

Include involvement in your targeting plans: It is no longer enough to advertise on a network because that is where your target audience will be; knowing the times and circumstances when your target will be most receptive to receiving an ad message is essential to cutting through ad clutter effectively.

Become an advocate of better measurement: In the television world, the measurement tools were behind the times even before the digital revolution hit. Many talk about changing the status quo, but actions are harder to come by. To jumpstart this process, advertisers need to demand more and better; their dollars and business models are on the line, and there will be no real impetus for change if they are complacent.

Also, remain alert to the quality issues in media measurement. Check out the sample interviewed, the methodology employed, the ability to present findings in a historical framework. Research in new technologies is particularly difficult; mainstream consumers are seemingly just as likely to over-report (confusing one technology for another) as under-report (they use technology but are unaware of the details) ownership of devices such as DVRs.



As part of its sponsorship of FX's "Rescue Me," Miller obtained product placement in the show.

Don't get ahead of reality: While looking ahead is essential, it's also important to keep technologies such as DVRs in perspective; though virtually every media and advertising executive has one, only 4 percent of the population as a whole has taken the plunge. Keep yourself well informed through quality measurement, and invest judiciously with an eye to the future.

Respect the relaxed viewer: While the Internet has changed expectations of control, remember that TV comes with a very different set of expectations. Viewers would rather relax than hunt; respecting their desire to be entertained and informed without being condescended to or inundated with color and noise might well induce them to leave the remote on the couch and keep leaning back for just a bit longer.

By recognizing and respecting their preferences—and by seeking out new forms of measurement—we can be well armed to communicate effectively with tomorrow's (and today's) empowered TV viewer. ■

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