

THOUGHT LEADER FORUM: OPPORTUNITIES IN MEDIA CONVERGENCE

KNOW asked some of today's notable marketing and media experts to respond to the following question: "Where are the biggest opportunities in the convergence of media and technology?" Here is what they told us...

JOHN CAREY

Professor of Communications and Media Management, Fordham Business School

At a broad level, we need to understand the full implications of so many technologies converting to digital transmission; it's not just that we can send more content, but that a whole new range of applications has opened up—from data services on satellite radio to video-on-demand over cable. TVs have taken on characteristics of computers, PCs have taken on characteristics of TVs, and they often sit side by side in the same room. The Interactive Program Guide (IPG) is becoming a core tool for TV viewers to manage all of these options; but, some IPGs are well designed and some are not. There is a strong need for a well-designed "user interface" for television.

In addition, consumers have been gradually paying a greater share of the cost of the media they consume, and advertisers have been paying less. Advertisers need to rethink their relationship with consumers, and they need to experiment with new ways of attracting audiences. The new media environment provides lots of ways to do this, with more interactivity, customization and personalization. More humor would also help. Direct marketers have to figure out a way to get through the blizzard of junk spam on the Web or return to direct mail. They need to build trust and loyalty, as some have done.

The most important thing is to not believe all the hype you hear and read—especially your own. Right now, cell phone video is overhyped, it has potential, but the technology is not yet up to the promise.

Viral marketing is an important concept, but those who see it as the main form of marketing in the future are likely to be disappointed.

ALBERT CHENG

Vice President, Digital Media, Disney-ABC Television Group

The media industry will never be the same. For decades, the relationship between the media and the consumer was distant, separated by a lack of real understanding of what and how audiences viewed content. Entertainment companies invested in programming broadcast to a faceless mass audience. To bridge that gap, measurement tools were developed, but effective only to the extent that sampling paints a general picture of the broader marketplace.

With technological advancements propelling the growth of the Internet video, cable video-on-demand, cell phone video, and interactive television applications, the biggest opportunity in the ongoing convergence of media and technology is enhancing the relationship between content providers and the audience.

The creation of new digital distribution platforms enables media to serve consumers on an individual basis. Unrestricted by program schedule and bandwidth, content providers can meet the needs of a specific viewer and collect immediate data on how and when their content is used. As these platforms continue to develop, media will find ways to capture information on who is watching. Programming to the majority will be a thing of the past. For years, we had a simple model: the media produced and audiences consumed. This will

no longer be the case. Our future will invite viewers to participate and become part of the content as much as they are consumers of it. Not only will audiences view, but they will create. The water cooler has already been replaced by the fan site and user-generated content.

What this means for media is that it needs to improve its game to survive this highly competitive environment. There will be greater emphasis on the use of marketing and technology. Quality content, strong brands, and a focus on the consumer experience will be key strategic levers to capture the discerning consumer.

RICHARD FIELDING

Vice President/Director of Insights and Analytics, Starcom Worldwide

We see tremendous opportunity in the home network—the convergence of screens within the household. You’re seeing TV programs and other “traditional” content being offered more and more over the Internet and personal video devices. The barriers are coming down, so that we can envision some time in the future one screen with a fat pipe supplying everything; this would allow the consumer to engage in what they are interested in, acting as programmer and producer.

Then we can start talking about segmentation and versioning of messaging; we’re working hard at the moment to work out what those models might look like. If consumers can filter or somehow interact with advertising and content via the screen or set-top box, they have the chance to say, “I’m not interested in that, I’d prefer to see ads or messages related to this...” This allows advertisers to serve and consumers to view content that is much more engaging and captivating, and there can be a much more relevant dialogue. It becomes a much more behaviorally based approach rather than the current “one-to-many” exposure-based model.

I also think that out-of-home has the potential to be leveraged much more through digital and interactive applications. We know that 70 percent of buying decisions are made at point of purchase, at the shelf or cash register; advertisers invest a huge amount in this commercial advertising to get them to the POP... yet that final last piece of the “decision continuum” so far has been relatively out of advertisers’ hands.

HORST STIPP

Vice President, Primary and Strategic Research, NBC Universal

The opportunity for us is to deliver content over more than one pipeline, or in more than just one medium. Our product used to be a TV show to be seen on a TV set; now it is content that consumers can access at their convenience—on an iPod, cell phone, wherever they want. That is an opportunity for us, as well as a challenge.

It used to be that if you did not show up at the right time, you missed an episode of your favorite show. Now you have the option of getting it over iTunes or seeing it on the Web or a VOD platform. This gives us an opportunity to build deeper connections between fans and shows—and, from an advertiser’s point of view, the audience is increased.

These technologies are also being used to provide additional content. This is an opportunity for NBC, but also for others—Microsoft, Google, Yahoo. We posted some exclusive vignettes from *The Office* online and got a great response; we anticipate that these kinds of extensions will be increasingly supported by advertisers.

There was a suspicion or fear that new media would cannibalize TV; but these new technologies actually provide additional, incremental viewing. Probably 98 percent of television is still watched over a television set; and about 95 percent is seen live, rather than time-shifted. So we are at a stage where these devices and services that are talked about so much are just developing. But the key trends will continue—television content will increasingly be seen at the viewer’s convenience, and it is our job to meet that challenge.

