

Consumer Driven TV Advertising Getting Them to Opt-in

By Leo B. Willner, Ph.D. with R. Gregory Kalsow
Partners at CMS Derfler Associates

How valuable an ad message can the commercial interests hope to drive home in a consumer-in-charge media world? With multi-tasking the common practice and multiple devices at hand in two screen and even a three-screen home enclaves populated by all sorts of PCs, TVs, game boxes, cell phones and PDAs, will viewers even notice some of the commercials? Much confusion reigns as market forces try to sort out the degree of advertising and promotional value that remains to be bought, sold or traded. The efficacy of the old advertising model will have to rise a good deal in such a world or else advertisers are likely or perhaps even certain to seek a better deal elsewhere. Yet, as the economic momentum of such a large business sector encourages, TV advertising perpetuates its old practices although they may offer more risk than promise. In the meantime more and more advertisers question the value received for their megabuck TV ads. In the duality that

Don't Miss the Last Word

CMS NewsLine offers items of interest for everyone.

Kalsow's Back-Channel offering candid comments from the publisher - returns next month.

Each month you will enjoy commentary on the state of the industry, new media and technology.

CMS NewsLine accepts no advertising, so expect our point of view to be no-nonsense, and maybe even a little controversial.

is the media buyer and media seller duet, their once symbiotic dance now rocks to an ever more forlorn tune. Indeed the delicate balance they must strike is being hampered by the constraints of a changing behavioral model — operating under rules that now favor a consumer-centric approach. Remarkably the cash cow is still fruitful and its riches continue to flow while the old tune plays on — but for how long? Tsunami kits anyone?

Consumers too are changing as they learn to adjust to new electronic servants and better ways to obtain

"...TV advertising perpetuates its old practices although they may offer more risk than promise."

CMS NewsLine

"Validating the Middle Ground"



CMS NewsLine
CMS Derfler Associates
RSM, CA 92688
Tel: +1.949.584.0989
www.cmsnewsline.com
info@cmsnewsline.com

information, communications and entertainment — ICE — with ever growing breath, depth and convenience. Old habits and old ways will not always work well as each new system is likely to come with a new interface and instruction set. In addition the growing convergence and interoperability of new devices also has an impact on consumer behavior — especially in the practical art of working with ICE. Yet without the support of advertising revenues to fund part of the process it is a good bet that the cost of content to the consumer — on a rental or a leasing basis — will as much as double and its usage decline. Without advertising to help drive the content creation engine, programming will surely be more limited in its form and substance even as its quality is in decline — or so they say. Without the information about products and services that advertising bring to consumers they are less likely to have a sense of what is hot and what is not — say for cars, fashion and popular culture — and thus buy less. Herein we take a look at advanced media and its changing advertising system, from a consumer vantage point.

Part of the fun of such an examination is that it is a voyage of discovery in search of a new advertising form that can work in the midst of all the new technology. Here few researchers, advertising executives or media buyers would be so foolish as to claim more than a modicum of useful insight into

the process — and that mostly based on experience and plausible thinking instead of hard facts or deep insight. So what rules, metrics or guidelines does anyone have to light the way forward? How indeed are TV viewers likely to respond to advertising when they are in charge with easy ways to opt-out when disturbed, annoyed or frustrated?

The following observations — including some you may disagree with — include some pointers to employ while seeking the way forward for TV and IPTV advertising within a consumer in charge media world:

- Fewer ads today are viewed in their entirety with full attention or in a natural time frame, so the impression they make on viewers is reduced and altered.

- Digital recorders distort and transform ad content with their fast-forward and slow motion time-shifting, often rendering the message unseen or of less value.

- As a variety of distractions reach out for the conscious awareness of viewers, they are learning to turn away and block penetration when the ads come on.

- Ad awareness and retention is getting to be like water rolling off a duck's back — with greater repetition needed to statistically render a valid lasting impression.

“How indeed are TV viewers likely to respond to advertising when they are in charge with easy ways to opt-out when disturbed, annoyed or frustrated?”

■ Attempts to drive the ad message into the consciousness of viewers can be futile when the setting and the technology are mismatched.

■ With many distractions to catch the attention of viewers a Modulus of Distraction is needed to gauge the level or degree of attention viewers give to ads.

■ As consumer behavior is constantly adapting on the fly to the rapidly evolving multi-media ICE system, it is more difficult for advertisers to target their message

■ The advanced media ad model of today more than ever favors established brands as it inhibits newer players from penetrating the consumer mind.

■ Greater choice on-demand means more time spent viewing only the very best — as in Barry Bonds or Roger Clemens in baseball — and skipping much of the rest.

■ Star power and shock are more important than ever to get viewer attention; so more celebrity, sex, violence and profanity on the screen is to be expected.

■ Effective advertising is seen to be valuable content by viewers, who will treat it that way, especially in how often they are willing to watch it.

■ As key members of the ANA, the Association of National Advertisers, have proclaimed: mass marketing to consumers is now dead.

■ With viewers paying less attention to ads, selling the message by way of product features, functions and benefits is outdated and often unproductive.

■ The instinctive visceral response to action, drama, comedy, sports and the sexually colored message is a pressure point advertisers will rely on even more.

■ Paying a lot of money these days for ad placements within lengthy ad pods is like blowing in the wind.

■ Advertisers are getting wiser and more cynical about buying into the trade-worn old school litany of traditional media buyers and ad agencies.

■ With viewers not paying as much attention, distortions and even falsehoods about products and services will more often be taken as gospel truth.

■ As lean-forward, interact and pay attention replaces leaning back in the easy chair sleepily watching TV, the setting for effective advertising is drastically altered.

“Attempts to drive the ad message into the consciousness of viewers can be futile when the setting and the technology are mismatched.”

■ Consumers who have commerce in mind are learning to interact with electronic devices and are becoming aware of the best ways for them to benefit.

■ The idea that the modern viewer will continue to sit still and stay tuned to boring, disturbing or distracting interruptions or uninteresting content is nonsense.

■ Personalization by way of a My TV, My Show and My Content is gaining a central role as a way to drive viewers to opt in and watch a show and its ads.

■ With more devices concurrently in use, the growing importance of contextual continuity when ads show up on the screen is being recognized.

■ The more the TV media insists on staying with push advertising, the more viewers will develop a resistance and an aversion to cooperating with the practice.

■ Great advertising continues to breach most barriers as it grabs and holds the attention of the public in various forms and circumstances.

■ Repetition handled carelessly can engender a negative behavioral response from technology-enabled viewers — as they will learn to habituate not watching.

■ To be effective, calls to action in advertising must easily lead to the steps that initiate the enabling behavior.

Even as some of this helps to define the current landscape and point the way to a better approach, what must advertisers do to enable a more effective way to get their message across? How about more fully exploiting the fact that viewers take

television and what it brings to them as a very personal part of their lives? As opposed to letting it come across as an insidious agent of outside commercial interests Willy nilly intruding into their private

world. Purveyors of products and services must learn to be especially careful and respectful when they catch a viewer at home with defenses down and open to the ad message. This is an opportunity but also a chance to alienate the viewer. Indeed viewers are unlikely to tolerate bullies and fools for long who misbehave on their private turf.

As Kevin Roberts of Saatchi & Saatchi proclaims to the world, now is the time to find better ways to make love to the consumer — while avoiding all negative behavior. Now that may be a big challenge for the brute force Praetorian Guard of gatekeepers whose media method was to bully the ‘dumb’ viewer. Indeed some folks are more used to wedging themselves in by force than asking for permission. Here we may recall the soiled past of

“With more devices concurrently in use, the growing importance of contextual continuity when ads show up on the screen is being recognized.”

an ABC, CBS or NBC executive or two, or like-minded powerbrokers at a Time Warner Cable, a Comcast and elsewhere. But that is more or less in the past as the consumer-in-charge model is the wave of the future. So let's get rid of any remaining miscreants — as in fire the bastards — and move on with Kevin Roberts' call to loving action. As to the advertisers, they are easy to please; just give them an approach that really works again.

To be successful, advertising is dependent on the time that consumers can spend learning about brands, products and services — and such time is getting more precious everyday. Indeed Americans now lead the advanced world in hours worked per year at over 2100 hours versus some 2000 by the Japanese and less than 1800 by the Europeans, so there is little time for leisure and for watching lots of ads. As to housewives watching daytime TV, they are far fewer in numbers — with a high percentage of women now working on a job, managing the family and keeping everything else on track. As to the young with their game boxes, PCs, PDAs and cell phones, it is an attention deficit scene, so you get the idea. Consequently advertisers are getting more frantic everyday in their sometimes-futile attempts to gain more attention. They have to be realistic and accept the fact that the days of easy pickings of low hanging fruit are past. Indeed such things as

“All of this suggests that push-push in advertising is old hat, except perhaps when targeting the aged, the sedentary...”

the 'down the throat' method will no longer work well as the consumer is learning to block the unwanted message. For all these reasons it is getting harder to catch and hold the attention of TV viewers by force.

Such limitations impact the leading brands one way and the newcomers and interlopers differently. As with all investment, monies spent on advertising and brand creation become a corporate asset that acts as a barrier to entry by new players. As it is getting harder to reach the consumer, this barrier is becoming more impenetrable all of the time. That is to say that once a company has achieved its main branding goals it is in a stronger position than ever before to keep new competition at bay — so long as its products and services do not disappoint. Thus the value of effective TV advertising may actually be going up. For the new company or the new product the issue is reversed: the cost of TV advertising continues to rise as its effectiveness continues to decline. As such the new player is more frustrated than ever while trying to penetrate the public mind.

All of this suggests that push-push in advertising is old hat, except perhaps when targeting the aged, the sedentary and the mentally and physically impaired — hardly the prime demographic for advertisers. So it comes down to the viewer, connecting to obtain

information, communicate or be entertained, setting aside a few moments to watch ads. Such a prospect is becoming less likely all the time. Fortunately, as pleasure seeking and trouble averting sentient beings, we humans resonate to whatever alerts the mind to pleasure or pain — even when it is vicarious. Consciousness itself is primarily active to notice and respond to problems and opportunities. In the case of advertising, it acts as a filter to grant or deny attention to commercials. For this reason advertisers put a good deal of effort into grabbing and holding the attention of viewers to reduce ad skipping, channel surfing and the like. With so much new technology now in the hands of viewers, that is becoming more of a challenge all of the time.

This can be achieved in several ways by: 1) seducing the viewer, 2) buying the attention of the viewer and 3) by forcing the viewer to watch. Given the nature of old school corporate culture no one should be too surprised that method 3) remains the favorite, while number 2), as in free gifts and a chance to win a prize is always a favorite. When it comes to method 1) seduction, this requires a different mindset as in ‘holding on by letting go’ — the Zen way they say. For the golfer this means a gentler grip on the club and a full release — all easier said than done. Yet those who insist on holding on with a death grip to the ‘down the throat’ push model of TV advertising — are likely to fail.

Can you just picture presenting this free will idea to some cable executives of an earlier era? But letting go of the old TV advertising model they must, or failure is sure to follow. In fact seduction is the modern way to get more viewers to opt in and watch more advertising. For the public — empowered by so much new technology — how sweet it is getting to be!

Some may fear that this means that all is lost for TV advertising and that a public able to skip commercials will not watch very many any longer. How wrong and shortsighted is that point of view, as the public is using more and more advertising to learn about

what is best and most economic. As newspapers, billboards and magazine advertising attest everyday, people like to view lots of ads and they always will. They just want to pay attention to the ads that matter to them

and do so when and how it suits them. Indeed advertising remains critical to the well being of the public and to the institutions that serve it — as the finest market driven way for buyers to learn what sellers have to offer. Yet the very process is being challenged by new technology that helps separate the viewer from the message. Stated simply, ads that by way of technology cannot be seen do go unnoticed and no one is able to return to them later on as well.

The popular thesis that better more granular targeting using good demographics and personalization is by

“The popular thesis that better more granular targeting using good demographics and personalization is by itself an answer is a bit misleading...”

itself an answer is a bit misleading as it omits a crucial factor — that an ad that does not come into view cannot be watched and is of no value. For advertising to penetrate and make an impression it must pass through the following three sequential phases: 1) Noticing, 2) Focusing and 3) Paying Attention. Ergo, without first noticing and focusing, paying attention is hardly possible and the ad message is simply lost. That is to say that an ad that may be good enough to capture an audience still goes unnoticed unless viewers are able to grasp its potential, prior to opting-out. This means that when ad pods are skipped as a unit by way of the remote control, the best of targeting and personalization is wasted. Similarly, when the ad intrudes carelessly and disrupts without sensitivity many viewers opt-out without realizing its value. Thus good targeting is still not enough even when as technically sound as the Spotlight system of Comcast.

There you have it: effective new age TV advertising must allow the viewer to ‘Notice’ the ad and then to ‘Focus’ on it momentarily, at least long enough to choose to ‘Pull It In’ or not. Bingo! So what capabilities need to be there in order to achieve this result? The answer is easy to understand but complex to execute. Effective advertising today means context, relevance, demographic fit, interactivity and personalization mixed together in a proper humanistic way. Or, more directly put, advertising must motivate, stimulate

and makes a proper impression right from the get go. Here context and relevance are necessary conditions for success that make it possible for demographic fit, interactivity and personalization to be sufficient so as to yield the positive ad impression the advertiser is paying for. For more on this see CMS NewsLine October 2004 *A Relevancy in Advertising Tool* as well as CMSN February 2005 *Relevance Drives Marketing Success*.

As one might expect, the quality of the art and the craft it contains plays an ever greater role in the success of TV advertising — without which all the great expense is a waste. Naturally that is what we know to expect from

“As one might expect, the quality of the art and the craft it contains plays an ever greater role in the success of TV advertising...”

the amazingly creative advertising community. Yet how such craft fits within the new technology platforms must not be assumed, as grabbing and holding the audience depends most heavily on the quality and

the form of the piece. At the highest level, as with Aflac commercials, good commercials are simply irresistible. Say when Yogi Berra (‘I’m a Yogi’) in one Aflac ad blurs out mindlessly: “it’s cash and that’s almost like money”. Nonetheless, as with personalization and demographics, if the ad remains unseen the greatness of its art and the marvel of its form do not matter one iota. Thus without relevance and context all is still lost.

In practice it will come down to evolving a more acceptable TV advertising model which has value

for the consumers and effectiveness for the providers without disadvantaging the one in favor of the other. Say a pull advertising approach to replace the old push advertising that often alienates and disturbs consumers, causing them to skip the advertising. In a world of ever growing corporate power will such an approach be recognized as superior and beneficial to all parties? That is, can and will the remaining ‘bully boys’ at the networks and ad agencies learn to let go of their push whipping stick?

The history of business suggests that hanging on too long with the wrong model of customer service is not uncommon. Think for example of GM in the 80s and 90s (and even today) facing the more quality and service conscious automakers of Japan — like Toyota — with outdated products and service. Yet GM has hung in with old-fashioned expensive clunkers for cars and continued to ship them out with known flaws — to be repaired by consumers at the dealer. How dumb was that, and how dumb is push push advertising in the face of time-shifting that makes ad skipping so easy in the hands of TV viewers with a TiVo or similar DVR or PVR device in hand?

Fortunately consumers are slow to change their viewing behavior and its habits. In their hands the lean-back style of sleepily staring at the tube while the commercials play on

survives and will for years to come. At least it does with the lesser valued demographic of the elderly, the language impaired, the inebriated and the feeble minded. Not so for the prime category of upward mobile, high spending, 18 to 35 year old, the top demographic for advertisers. Some folks representing media America may continue to hope that with a little slight of hand and some manipulation of viewing statistics advertisers can be kept in place for a long time to come. They are prone to point out that of the 110 million households only 30 million or so now have the technology to time-shift the commercials out of sight with DVR and VOD systems. So it is okay to

leave well enough alone for a few more years. Yet opportunity wasted is opportunity lost.

TV viewing can also be altered (or corrupted) with sidebars on the screen

including ads, some of the time or even all of the time. Anyone watching CNN can see they believe the public will not mind a busy viewing screen akin to a website. At the same time Fox News and others are beating CNN in the ratings, in part by avoiding this form of viewer abuse. Still another way to push the ad message is with clever overlays and windows that open and close at the border of the screen, such as those employed by TNT. Now a little window opens and shows a short video clip — no harm there. Later a little overlay displays a brand, now that was

“The history of business suggests that hanging on too long with the wrong model of customer service is not uncommon.”

not so bad either. Here we have ongoing interruptions that place the primary content in the background from time to time with advertising and promotions of one sort or another on display. Is it a coincidence that CNN and TNT are both a part of Time Warner, which also owns the gatekeeper Internet portal AOL? Could it be that Richard Parsons (and the gang that knows not) thinks they can retrain the public to accept such 'shticks'? In either case it is highly unlikely that the advertising revenue from such ad placements will become a major revenue source or replace the advertising that is likely to be lost. Much such foolishness is already in train with more to come to annoy and frustrate viewers.

Far less intrusive and far more viewer friendly is the idea of the sponsored show or sponsored segment of a show. This approach goes back to the earliest days of television with the likes of a Milton Berle Show sponsored by Texaco. Herein one (or several) sponsor is fully in charge. This means that the sponsor can to a far greater degree tailor the content to its needs. It also means that the preferences of its prime target demographic can be incorporated into the show. Further the relevance of the ads to the audience can be customized in ways that ensure a higher impact and a greater degree of viewer interest. As to timing the ads for maximum

“Far less intrusive and far more viewer friendly is the idea of the sponsored show or sponsored segment of a show.”

impact on viewers, the context of the show can be used to situate the ads in ways that work best and keep the audience away from the mute button or the more dreaded pause or fast-forward. In the sponsored ad the arrangement and use of multiple ad pods can also be reduced or at least tailored for effectiveness. In like manner the use of demographic based or even personal preferences driven ad selection — as in a four door Chevy in the Latin neighborhood and a Cadillac in an affluent black community — can work effectively in a sponsored show or segment.

The same can be said of advertising that is interactive; it too works well in a sponsored show or show segment. Here the ability to telescope additional information onto the screen about a product or service can add great value. This is real pull advertising that a viewer can elect to opt into. Via such interactivity a viewer can also direct the TV (or the PC, cell phone or PDA) to bring up an additional ad segment or other source. This can be a website, a long ad, an infomercial, infotainment or even an interactive experience with the product. In more advanced versions the viewer may even record the ad locally for later viewing. Remember that good ads are content to the viewer that he or she may want to record and save in an ad library. Of course the ability to enable commercial transactions — such as ordering the product — may also be incorporated into the system. Notice

Send a question or comment by e-mail: info@cmsnewsline.com

that if a TiVo like system is attached to the TV, then temporarily leaving the current show to go deeply into an ad segment can also trigger pausing the show, so it may be resumed at the very point it was left. Here we have a consumer in charge model where much of the advertising interruption is left to the viewer. Of course much more work is needed to find the best ways to induce the TV viewer to opt into this mode of advertising.

Notice that several of these advertising forms have one thing in common: the advertiser has wrestled a good deal of control away from the networks and service providers and even the content creators. As long as truth in advertising is enforced, advertisers should have the prerogative to match their ads to content in ways that make good commercial sense without detracting from the show. To the degree that the advertising is opt in enabled, consumers should support the arrangement. On the other hand such an approach may over time drastically change the balance of power between advertisers and the various media services providers and other players. As long as ads are as generic as they are today, in the sense that they can be inserted into most any show, network or channel except perhaps for HD, control mostly rests with broadcasters, satellite providers and cable companies. However, when the ads are integrated into a show in

ways that quietly benefit advertisers, they may in time become reluctant to pay very much for ordinary ads that fail to meet this high mark.

This desk remains quite sanguine about the future of TV advertising. Yes the service providers will indeed have to change their ways and the advertisers will have to spend more and participate to a greater degree, but the result will be a better system. In the end the advertisers must take more of a role and assert greater responsibility for their message. They can also use technology to improve the ad experience and make it more attractive to the public. Everyone else in the food chain will naturally bend

to the wishes of the public and the advertisers. As for the walled garden folks, it is time for them to change a bit or perish. With true IPTV on the horizon and also on its way via fiber to the home by the telcos or cable, the

walled gardens can only continue to succeed if they move quickly to employ methods of persuasion that are more people friendly. In this regard some media companies will achieve a growing level success while some others are acquired or quietly disappear — as in the old AT&T.

As the great majority of viewers today subscribe to a service provider such as a cable company, the idea of free television as such is an absurdity. Instead the bill for TV is paid in two parts: one part by subscription fees and the other by advertising revenue.

“As the great majority of viewers today subscribe to a service provider such as a cable company, the idea of free television as such is an absurdity.”

As long as advertising is non-obtrusive and its viewing elective there should be no problem. Beyond that, if a subscriber wishes to lower his or her monthly subscription fees by allowing more advertising, that should be possible. However, advertising that is forced on the viewer in the name of economic necessity is unfair, at least to the degree that the consumer is willing to pay a bit more for the content in order to avoid some of the ads.

In the near term the TV advertising model must transform itself to work more effectively for all parties concerned. That means in part that sufficient additional price points should be put in place to provide real choice to advertisers and consumers alike. It appears that market forces and new technologies and a more enlightened US Congress are already moving the converging media in these directions. So we should all support making TV advertising more effective. Then with an improved advertising system overall media revenues will climb and the consumers, the advertisers and the providers will all be better off. Say you read it here.

“As long as truth in advertising is enforced, advertisers should have the prerogative to match their ads to content in ways that make good commercial sense...”

(Leo Willner and Greg Kalsow contributed to this issue. In order to discuss any of these points with the authors, please e-mail them at: leo@cmsnewsline.com and greg@cmsnewsline.com)

[CMS NewsLine frequently publishes the works of contributing writers. The views expressed are strictly those of the contributors. CMS NewsLine makes no endorsement of their opinions.
—Georgia Pech, Editor]

Send a question or comment by e-mail: info@cmsnewsline.com

About CMS NewsLine

CMS NewsLine is published monthly by CMS Derfler Associates, a Media and Technology Services company, which specializes in assisting corporations with:

- Full Life Cycle Marketing Support
- Advertising Targeting and Audience Measurement
- Branding and Positioning
- Business Development and Strategic Alliances
- Communications, Launch and Deployment Plans

At CMS Derfler Associates, senior partners personally manage every engagement.

Contact us today at:

info@cmsnewsline.com or +1.831.325.5008

CMS Derfler Associates

(Formerly Alvairi-Derfler Associates)

Better Marketing Execution

CMS Derfler Associates is a Media and Technology Services company situated to help your company navigate through its most challenging marketing problems. It is also there to assist you sort through and exploit the marketing opportunities your company now faces. CMS Derfler partners, each with twenty or more years of direct field experience, can help prepare broad-based, professional, time-tested alternatives for action by you and your team.

Working hand-in-glove with your in-house corporate team, CMS Derfler partners can:

- Assess New Product Opportunities
- Gauge Competitive Threats to Products and Markets
- Refine Specific Pricing Tactics
- Determine How to Reposition Products and Services
- Provide Comprehensive Analysis of Advertising Relevance
- Optimize Advertising Campaigns and Promotional Programs

Better Marketing Tools

Clients of CMS Derfler Associates enjoy the confidence gained from thorough analysis, meticulous preparation and crisp execution leading to:

- Better Targeting of Products and Messaging
- More Effective Branding
- Sharper Pricing
- Improved Sales Promotions
- Better Communications
- More Effective Advertising
- More Efficient Distribution Systems
- Crisper Command and Control

CMS Derfler partners also participate in business development activities involving new marketing relationships with third parties to help create advantageous alliances, organize licensing and joint development agreements and the like. When needed, its senior staff can help facilitate a client's outside business relationships in new markets at home or abroad.

Please contact CMS Derfler today for an informal chat, to discuss a business situation, or to get advice on a new product or a changing market.

Silicon Valley: +1.831.325.5008

Los Angeles: +1.949.584.0989



CMS NewsLine
CMS Derfler Associates
RSM, CA 92688
Tel: +1.949.584.0989
www.cmsnewsline.com
info@cmsnewsline.com

Subscribe to CMS NewsLine

CMS NewsLine is available only by subscription, and is e-mailed to our subscribers at no additional charge.

To subscribe using your credit card, please visit:

<http://www.cmsnewsline.com/>

Send a question by e-mail: info@cmsnewsline.com

Every month you will enjoy thought-provoking analysis of the significant issues driving the growth of new media, technology and entertainment.

Georgia Pech, Editor
CMS NewsLine