

Consumers Are Taking Control As Providers Adapt or Perish

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

NOTE: Those of you in a hurry may wish to begin your reading on page 5 where you will find helpful suggestions and solutions on the following topics:

- The User Interface
- The Experience not the Task
- Head-End or Client-Side Systems
- On-Demand VS Programming
- Client VS Head-End Storage
- Push and Pull Advertising
- Movie Release Windows
- ‘Lean Back’ for Pleasure – ‘Lean Forward’ for Work
- Privacy and Information Release
- Pay to Eliminate Advertising
- Shock and Awe

The 2005 Consumer Electronics Show in Las Vegas is one more demonstration of the great appeal that personal electronics has for the public at large. At the same time a brilliant cadre of companies is vying for market share in fifty or more market subcategories — with great new products and services with which to entice the consumer. But what is it that the public really craves, needs and must have and how is it all to be fulfilled today and again tomorrow? For the answer to these questions we best look at the consumer and at his or her changing lifestyle.

“...it is correct to suggest that the consumer is now rapidly taking control of the media experience, especially in the home.”

Don't Miss the Last Word

CMS NewsLine offers items of interest for everyone.

Kalsow's Back-Channel offers candid comments from the publisher.

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.

Also give a little thought to how much skill, patience and attention today's busy consumer is able to provide to the man-machine waltz. As the consumer is changing his or her lifestyle it reflects strongly on the wants, needs and practicalities that apply to media houses and to consumer electronics. Without too much exaggeration it is correct to suggest that the consumer is now rapidly taking control of the media experience, especially in the home. That could be troublesome to a few service providers like those 'walled garden' folks or even a cable MSO or two. For it is these gentlefolk who may at times look back wistfully to the paradise lost of pure dominance and control.

CMS NewsLine

“Validating the Middle Ground”



CMS NewsLine
CMS Derfler Associates
Lake Forest, CA 92630
Tel: +1.949.584.0989
www.cmsderfler.com
newsline@cmsderfler.com

For a little financial perspective, consider the fact that consumer spending accounts for much of the \$700 billion plus doled out per year on various media and supporting technology in the US. That includes the keystone \$100 billion spent on consumer electronics that energizes most of the rest in the form of services and applications. These are paid out as subscriptions, service fees, pay per transaction, license fees etc., as monthly bills for telephones, cable, and broadband along with computer softies — that are very great indeed. The balance goes to the networks and associated infrastructures. Within a US economy in excess of \$10,000 billion, we find media only behind such things as food, medical care, military expenditures, energy and one or two more. It has become a true staple of our lifestyle and, to paraphrase McDonald's: consumers are 'lovin' it'. There is general agreement that media, as a sector, will continue to grow rapidly even as it undergoes much further evolutionary and at times revolutionary change. Yet there is more than a little bit of trouble brewing on the 'home platform' as the consumer is taking over. So read on.

There is general agreement that large private business is a boon to consumers and to the public at large — even the Chinese and Russians agree. After all, such enterprise allows fine products and services to be made available to consumers at low prices with high value. Nonetheless, the forces of competition can cause business competitors to cross the line and violate the gentlemen's agreement they have with the consumer and his

government. Over time such misbehavior creates an imbalance of power between buyers and sellers until change or the political process rebalances the one with the other. For example, child labor, harmful pesticides, dangerous factory and mine working conditions, excessive sex, violence and profanity in the media, all were instances where the balance was lost and had to be regained. Today we have a dramatic shift of this kind underway as new technology has given the consumer the means by which to regain a good deal of control over the media in the home. That is the ability to eliminate the unpleasant aspects of home media that were foisted upon consumers by one or another commercial interest. Specifically such things as: a locked-in viewing schedule that is a bother, push-advertising that is a nuisance and crypto-speak computers that are a pain in the neck to deal with — before they crash. Today the consumer is retaking control over these things as providers who know what is good for their business learn to adapt. What the consumer wants is just a little bit of fair play.

As with all human affairs, the organized corporate body can act in a benevolent manner, as with the Church, or it can bully its way forward — as in Microsoft anyone? The question is whether or not it can get away with it? When it comes to US citizens, the ones who fought many wars for freedom and for the sanctity of the family and the home, this is turf they will fight to defend. With regard to the electronic media, its incursions into the private lives of people started more than one hundred years ago with the first

“...consumer spending accounts for much of the \$700 billion plus doled out per year on various media and supporting technology in the US.”

telephone. In the ensuing years this has progressed to such a degree that some legal folks at times appear oblivious to the idea that the home and hearth are the central bastions of freedom of the people. To such lawyers and lobbyists it appears that there should be a reasonable balance between individual rights in the home and the needs and prerogatives of big business and big government. Further, that anyone who disagrees should be labeled as anti-progress or even anti-American. As matters have drifted in this direction for many years, why should anyone expect them to ever go the other way?

Power after all is the ability to force one's will upon outside circumstances. Thus the weak must often give in to the strong, the poor to the rich, the defenseless to the well armed — it is almost a law of nature. The sources of power are three: property including technology, organization including systems and personality including the tools of persuasion. Today the consumer has a growing level of access to the first two and is greatly empowered, while the seller has to strike a new balance with the enabled consumer. It is as simple as that. As to the shackles that once kept the consumer weak, such as a monopolistic AT&T telephone system, an oligopolistic cable TV system and a Microsoft dominated PC world, these are being unlocked by new competition. The phrase 'TV programming' was really a euphemism for a locked in fixed schedule, you watched when they said you watched or you did not watch at all. The same could be said for AT&T, which kept

up a large presence in Washington DC to guard its monopoly, so you could buy your telephone again and again on a monthly basis. Today the cell phones, PDAs, laptop computers, TV via cable, satellite and broadband on the TV and the PC, Video over the IP and Voice over IP, DVD players, DVR recorders and the like are all consumer empowering means. They guarantee the consumers greater freedom of choice and more control over their time. Power to the people also means that vendors and service providers need to adjust their business models. Later in this article we will suggest how.

Based on the democratic ideal that it is the people who are sovereign, they must at times agree to surrender some prerogatives or personal preferences for the greater good. Typically this occurs as part of a 'fair' commercial exchange or transaction with an organized body such as a company or a branch of government. That is how it works at the airport with security or at school with rules of order, at work with the requirements of the job and even in community affairs. However the connection between outside control and the elected, even temporary, surrender of individual prerogatives is often missed in the complexity of modern life. For consumer electronics and the electronic media this essential normative factor and it impacts on the consumer is being altered by advanced technologies and related new business models.

A good example of how this matter can get out of kilter is the FCC aided empowerment of the media to serve up its fare and press its agenda upon the sanctity and privacy of the home. For

"Power to the people also means that vendors and service providers need to adjust their business models."

an example just think of the Janet Jackson Super Bowl bra incident brought to you by Viacom and its MTV and NBC subsidiaries. Indeed it is pragmatic necessity that often causes citizens to acquiesce to the wishes of vendors or service providers, such as cable or satellite companies. Yet as time passes these arrangements can become so engrained in the mores of the popular culture that the balance between what is 'granted' and what is 'by right' is lost. That is how it seems to many an observer these days when it comes to the electronic media world of telecommunications, cable and satellite services and computer hardware and software. Much of the exclusively private turf of the citizen consumer is trampled upon on a daily basis with little fanfare and even a bit of government help. As for Michael Powell, well he sure is a good talker.

"Yet technology, as always, changes the practical reality, and often overturns the pragmatic balance of power."

Yet, as the citizens remain the sovereign of their government, they can at will petition their elected and appointed servants, the government bodies, to reorder matters closer to their heart's desire. We are now witnessing a growing upsurge of consumer sentiment in these matters, to the dismay, chagrin and distress of some large media houses. How easily the commercial and governmental entities forget who is really in charge, as with soiled hands they stand at the dock before the consumer, their real judge.

This growing consumer dissent is disagreeable to some government authorities as well, as a few bureaucrats also fail the innocence test when it comes to usurping the rights of the citizens. As for the paid guards and

sycophants at the gates (not Gates) of power, on the payroll to defend the 'establishment', these folks see themselves in danger of a pay cut. For here we have the weighty infrastructure of lawyers, petitioners, middlemen, lobbyists, ex-military officers, politicians and the like, for whom the realization that the citizens insist on maintaining privacy and control in the home — beyond the wishes of the commercial interests or the usurpations of government — is downright frightening. Imagine those consumer-citizen ingrates no longer willing to let them rule the roost. Yet technology, as always, changes the practical reality, and often overturns the pragmatic balance of power.

When this happens a new order is needed, and such a new order is now underway in the television, telephone and computer arena. Thus there is much discord and argument at the FCC and at the Department of Commerce as the lobbyists try hard to block the way to the new consumer in charge model. On a historic basis, when the Black Hills of South Dakota were seen as worthless they were given by treaty to the Indians. Then gold was found there and the Indians, as troublemakers who insisted on defending their turf, had to be eliminated so that their lands could be legally repurposed. Is the private home as a media Point-of-Sale now the next such 'Gold' frontier, and are the media companies to play the role of the US 7th Cavalry? Not likely in a John McCain country of self-sufficient individualists — and that is a good bet!

Getting down to basics, in a three party arrangement where one of the parties is left

out of the loop, it is common to find that matters drift away for the disenfranchised third party being left out by the other two. For example, we can observe this phenomenon today as the medical establishment and the insurance industry barter over what is proper and fair consumer medical care. The same can be said of the Federal Government and the oil, chemical and lumber industries as they negotiate away the clean air and clean water rights of the citizens — largely without their knowledge or consent. Indeed such organizations and commercial firms are constantly petitioning the government (of the people) for various means to better carry out their affairs in a less restrictive but perhaps more harmful way. The classic example is when the Surgeon General of the USA came out with his January 1964 report on the harmful effects of tobacco, it then took forty years to overcome the tobacco farmers and cigarette manufacturers and their lobbyists in Congress. With these examples to guide us, we should not be surprised that privacy in the home, Fair Use of media and reasonable access to content by consumers should be similarly under an embargo. But the times, along with DVD, VOD and DVR technology, have indeed changed matters so they now favor the citizen–consumer. Thus, let all who fail to acknowledge that the consumer is now more and more in charge beware. On the consumer electronics side of the world we observe that the big guys already get it. The likes of Apple, Sony, Motorola, Philips, Toshiba and Samsung have long played the consumer is to be served tune, and they are happy with the result.

“Thus, let all who fail to acknowledge that the consumer is now more and more in charge beware.”

We need to be mindful of the fact that consumer behavior at home is a matter of major importance to society as a whole. To put it bluntly the survival of the nation as we know it and the liberty of its citizens rests on the preservation of individual rights — including over the use of media. This applies to such matters as privacy, the right of individual choice and the sanctity of the home. Yet for many years into the home came the media ‘barbarian at the gates’, as invaders from the electronic world bearing gifts. As they met with the so little resistance, they felt encouraged to take ever more aggressive action to reduce the prerogatives of the consumers in their private lives. But now, as with so many things in life, the pendulum is swinging hard in the other direction. With that in mind, let us examine some of the more important aspects of ‘the consumer taking control’.

THE USER INTERFACE — Friendly and easy to use, that’s what the public likes, wants, needs and demands in a consumer in charge model. The failure of media houses and their software, hardware and other suppliers to spend enough time and money in this arena is legend — although they would all disagree. After all it took General Motors seventy years to provide a comfortable adjustable driver’s seat, and General Electric about the same amount of time to get the controls on refrigerators and washing machines right. So why should we be surprised with the goofy controls and user interfaces on today’s stereo systems, PDAs, set-top boxes and all the rest? As to Microsoft, it is important to remember that these are the DOS folks, as in CPM spelled backwards. As to

Linux, it is a revision of Bell Lab's Unix of mind-bending crypto-speak fame — and not proper fare for 'normal' people. How about the unreadable black buttons on the dash panel of cars and on the front of home media devices? Why should anyone want to see the controls anyway or be able to read them? After one hundred years of advanced machines, why is the locked in mindset of engineering still involved with user interface design? How can they decide on the anthropomorphic aspects of the vital man-machine interface? Consumers like simple, easy and understandable controls and user-interfaces that everyone in the household, even grandpa, can use and enjoy. So why not give them what they want — that is spend the time and money needed to figure this out. For starters, management should seldom look to the technical folks for sensible advice on user interfaces meant for people.

THE EXPERIENCE NOT THE TASK — Contrary to the way it works in the science lab, at the military drill or in the factory, the life of the consumer is about 'the experience' and not 'the drill'. Everything is not a task; instead what is needed is an 'attractive' set of choices — such as the Academy Awards or the Super Bowl — that lead to a great experience. Therefore the posture to take with the consumer is seduction. What is required is a way to lure him or her into selecting the appealing and satisfying experience you have to offer. That is as opposed to helping them deal with a task they need to complete, or an obstacle they need to overcome. It's all about the experience without the task, and little else. No goal, no job or task, no agenda

“Consumers like simple, easy and understandable controls and user-interfaces that...even grandpa, can use and enjoy.”

and no excessive focus on an ending or some form of completion. That is the new order of the day. What is to be valued is the human experience that emanates out of the media box as information, communication or entertainment — the ICE of life. That fits with the fact that people are essentially pleasure seekers and pain avoiders. Thus the media experience should have just the proper balance of elements to draw the consumer in to pull out the right content and experience. Bingo, now that's success!

HEAD-END OR CLIENT SIDE SYSTEMS — Those either/or folks who write computer code and build electronics, and always seem to pull the wool over the Wall Street types, have now latched onto a black or white solution called head-end

'on-demand'. It seems that we dumb consumers must either check out our books at the library or buy them at the bookstore — but seldom do both. Yes, on-demand infrastructure is all the rage these days to supply head-end FVOD, SVOD, VOD and even DVR — and let us ignore what any of this means. After all if you are a cable MSO this is the accepted best way to slay the DBS satellite services dragon — is it not? Sub Rosa we are made to understand that Hollywood will never really trust its most valuable content to be housed in personal PCs and Set-top Boxes. Therefore all of that must be kept at the head-end — where we have (snicker) full control. If that is so what about the fabulous DVD business success? In any case, such a parochial view is all well and good except that it is out of whack with capital costs, obsolescence, practical usage, logistics and most anything else

that matters.

After all, how often have any of us been to the library lately to pick up a best seller? Or, on the other hand, found that our local bookstore stocks the millions of arcane seldom purchased volumes, better kept at the public library? The same goes for media content. First and foremost, property owners like to own their favorite 'things', so they will continue to buy a zillion DVDs. Second, for convenience and access many viewers prefer to have some current movies and TV shows stored in their DVR on a PC or STB. Finally, practicality demands that popular On-Demand content be brought to 'the edge' while arcane seldom watched material is kept at a central streaming or download point that houses the millions of less popular items. In a consumer in charge model, that is how it must work. Practical consideration also necessitates such a mixed model — no black or white approach here. This applies twice over when the consumer buys his own boxes!

ON-DEMAND VERSUS PROGRAMMING — Of all the nonsense in vogue today, the idea that we want to Yahoo, Google and Microsoft for on-demand information and content in the living room in the evening is high on the list. The fact of the matter is that people working on their PCs do indeed enjoy the 'Search Model'. It is a great way to get information, to shop and to gain greater control over the products, services and sources of knowledge. On the other hand taking this approach to the "lean back" model of TV viewing

in the evening after a long day at the office is nonsense for most people. Claiming, as Bill Gates and others do, that the young get it and the old will soon die out, so that the "lean forward" way of the PC will in time come to the 50" plasma TV in living room in the evening is 'square-brained' nonsense. That is except for the one to five percent computer and techno-nerds out there, and you know who you are. As for the typical consumer, he or she will indeed appreciate the ability to interact with the TV or PC at the appropriate time, and also to access On-Demand content for streaming or downloading when it fits.

"Thus for many consumers it will remain yes to On-Demand and also yes to more Programming, and so it is likely to stay."

However, as a day-to-day matter, the social forces that play on humans living in communities and looking for fellowship and approval will continue to pull hard the other way — for the more relaxed experience. Thus the more socially minded folks

will stay with the realization that TV Programming and TV Channels such as HBO still have a long and successful life ahead of them. Even the DVR with its mighty powers will not alter all of the factors that make programming work so well for so many people watching a Discovery, Golf, History, ESPN, Fine Living and dozens of other channels and their programming. Thus for many consumers it will remain yes to On-Demand and also yes to more Programming, and so it is likely to stay. As to the younger generation, in time they too will learn what work is all about and what fun and relaxation it is to "lean back" at home with some organized programming on the Cartoon or Playboy channel.

CLIENT VS HEAD-END STORAGE — Getting back to privacy matters and to personal property and the like, it should be obvious that many people will never feel comfortable having their private records, family picture albums or prized media possessions housed somewhere in the ether in some remote media server center. A reading of any issue of *InfoWorld* or *Information Week* — which brilliantly cover the IT world of computer technology — will make it clear that the ‘Virtual Computer’ is coming soon to every data center near you. That means that if you were to house your content at some head-end or server center in the near future, no one would ever be able to tell you where your content was on any day. You would just have to trust them that your content would be fully protected somewhere out there on one or more ‘Virtual Computers’. Indeed it is far more efficient not to assign data or content to any specific computer — for any client. It is far more efficient to allow your content, as in your children’s graduation videos, to be parsed, chopped up and relegated to floating around in some virtual space. That is how nuts these computer and media people truly are, when they think that would be okay with you, the media consumer. No real privacy here, no control either as all are expected to take it on faith and go along with this approach. If only the ghost of a John Wayne, Ernest Hemingway or Gary Cooper could defend the individualistic private American and gun down the centralized system at ‘High Noon’.

In fact Head-End systems do have a very important place in the new

scheme of things. They are also expensive and quickly become obsolete. Yet they serve a critical purpose as they enable the serving up of the mass of On-Demand content. As to personal media and the consumer’s most prized content, it is better housed on a client DVR in a PC or STB. Notice that this approach balances the requirements of Hollywood, the Applications Provider and the Cable and DBS service houses with the wishes of the consumer. That is what consumer electronics is about and why the Consumer Electronics Association is so very successful. As a matter of fact it has taken over many of the functions of the more parochial PC-centric COMDEX, now defunct. For the consumer it is all about ease, convenience, access, choice, freedom of

action, privacy and yes a more and more control over the ICE of information, content and entertainment.

PUSH AND PULL ADVERTISING — The imprisoned Sadaam Hussein could never understand why

many of his countrymen did not enjoy his ‘down your throat’ ways. After all this had been going on for years, and those who did not obey learned to live a life deprived of conveniences. So it is today with many of the older TV and cable executives when it comes to the old tried and true Push Advertising. Just turn on CNN and see what has happened to Ted Turner’s brainchild — as the TV screen is cluttered with promotion and advertising that few can stand. Also notice what happened to its Nielsen rating compared to those of the more civil Fox News. Push advertising, as in the three to five minute advertising ‘Pod’ composed of six to ten out-of-context

“As to personal media and the consumer’s most prized content, it is better housed on a client DVR in a PC or STB.”

advertisements jammed ad hoc into a TV program, were always a Sadaam-like torment to the viewers who could do nothing about it. While the mute button, the remote control and the VCR were helpful; the painful exercise still went on. Indeed an entire nation became ensnared in a process that could only be described as 'down-your-throat and like it'. Push is not a civil method, not then, not now, in fact mostly never — except during a fire. So bemoaning the loss of push is either stupid, disingenuous, or simply mean minded. In the consumer-now-in charge-model all forms of wonderful, useful and productive Pull Advertising will flourish. Advertisers and their agencies will reap an even greater reward from a now happier constituency of consumers. The King is dead; so long live the new Pull King.

MOVIE RELEASE WINDOWS — It is always an ironic pleasure to recall that the MPAA, representing former convicted violators of patent and other rights, now uses the law to limit access and convenience to the public. It's a bit like old Joe Stalin holding up a baby to photographers as he allowed millions of babies to suffer. The idea of release windows is inherently a device to limit freedom and access, and thus should be outlawed or at least limited. In a free market capitalistic world, access should be controlled by free market price. Price is the way you limit who gets what when. All other methods are restrictive and the MPAA with its movie release windows is a case in point where might makes right. How fun that this is brought to us by the very gangsters who stole the technology on the basis of which the

movie business was founded in the first place. You've got to love these guys! No wonder they understood how to make the *Godfather* movie. With the consumer in charge, the movie release windows should be nothing other than a pricing mechanism — not a restriction of access to one platform or another.

'LEAN BACK' FOR PLEASURE — 'LEAN FORWARD' FOR WORK —

The 'lean back' versus 'lean forward' conundrum is also about the desire of the establishment to make work a 7x24 affair. After all, the worker when he or she comes home wants a little peace, a little R-and-R and the comfort and the love of family and friends plus a bit of leisure. Each of those terms is anathema to vendors and purveyors of products and services who

want to engage the public and sell them more stuff. As to employers who give out free cell phones and laptops to their employees, do they want them to 'lean back'? Not on your life! They want access to the citizen-employee in his or her castle 24x7. And for that matter why not do the same to the citizen-consumer with a little spam, a worm or two, an unwanted telephone solicitation and the like. Economists will tell you that this does indeed grow the GNP. In a consumer in charge world, forget about 'lean forward' except when the homebody is in the mood — and mostly on his or her PC. Sadaam where are you?

PRIVACY AND INFORMATION RELEASE —

The media has no right to collect unauthorized information from the viewers or for that matter to use it or to share it with anyone without prior consent. With the viewer in charge this had better stop

"In a consumer in charge world, forget about 'lean forward' except when the homebody is in the mood — and mostly on his or her PC."

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

or someone is going to go out of business.

PAY TO ELIMINATE ADVERTISING — Let the free market and its pricing mechanism work. More and more folks are experimenting with the idea of charging a fee to eliminate banner and other advertising. What a good idea.

SHOCK AND AWE — Common courtesy calls for a guest in someone else's house to act in a polite manner. All uses of violence, sex, profanity and the like used to gain the attention of the host in his or her home are rude. Those who do so should be thrown out.

There you have it dear media leaders. The consumer is indeed taking over and we had better change our business models to reflect the new reality. At the Consumer Electronics Show we can enjoy seeing the ways and means to empower the consumer and further enrich ourselves. Isn't capitalism wonderful!

(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@cmsderfler.com and greg@cmsderfler.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]

KALSOW'S BACK-CHANNEL: "Validating the Middle Ground"

■ **GOOGLE LIBRARY** — Here we are in 2005 and the Copyright and Fair Use issues are hot stuff again as Google goes forward to digitize the content of the world's great libraries. We can just hear the moaning and groaning on Hollywood Boulevard. Yet this time around it is not about the great library of Alexander, Egypt burning down in antiquity. Instead it involves making the information content of the Western World available to everyone. Of course Copyrights also need to be protected, as does the Fair Use of the public. How very interesting. Good for you, you little capitalistic googles you!

■ **MICROSOFT MEDIA PLAYER 9** — Trump, trump, trump that's how you play winning Bridge, it is also how Microsoft is playing the advanced media game. You want multimedia you've got it. Looking for DVR, we've got it for you. How about making the PC over into a PC like media box? Sure and it is indeed all a bit of legerdemain or 'slight of hand' for us dumb couch potatoes. Of course PC makers like HP are jumping in with MP9 enabled models, as they should. Is it good, you bet it is and Mikey does indeed like it, and so do we. Yet, all the while, as with the Siren calling the great Ulysses onto the rocks of an ancient sea, it looks so good that we had better watch out. As with Windows XP and all the other little 'windows', the very complexity of XP Media Center Edition 2005 may lead one and all to crashes and rebooting in the living room. How about a few viruses, worms, Trojan Horses and the like. So, as always, beware of pretty maidens offering up too much to the lonely media 'sailor'.

■ **CABLELABS AND THE MSO** — Is there enough time for one and all to get together in community to iron out the best technical solutions as a way forward for cable? Looking at DOCSIS as the CableLabs' unified solution to the broadband cable modem conundrum you've got to say yes. Somehow a college of MSO peers got out a good product in reasonable time and now all the 'sisters' are making money. Yes? Yes, but with a caveat or two. In fact the DOCSIS product was hardly new innovation but more like something borrowed something blue. The idea that cable as a group can iron out unified technical solutions as the Telcos and DBS folks arm themselves for battle is unfortunately a bit misguided. There just isn't enough time for the collegiate approach — cocktails anyone, and how about a round of golf or two? After all Charlie Ergen and Rupert Murdoch of DBS fame and all those Telcos do not yet have the 'Big Pipe'! Brian, if you are listening, arm yourself and not only at the Microsoft armory. Caveat cable MSO!

■ **CES 2005 IN LAS VEGAS** — Well it sure was a swell party. Gary Shapiro the President and CEO of the Consumer Electronics Association was all aglow and he had reason. The show was a huge success and all the world was there. Samsung seems to be the new king with Sony fading just a bit. As to Texas Instruments, after years and years of blah, blah about circuits and the like, their DLP wide screen HD-TV technology is all the rage as it is cheaper, better and lasts longer. Ultra wide band or UWB is now recognized as the next big thing and so it is. As to the Telcos, it seems that with the cable MSOs trying to steal their act with VoIP — as part of their 'triple play', these Telco giants are about to bite cable in the butt big time. That and a hundred more is why consumer electronics the world over is all the rage with the public and the bankers.

■ **THE CONSUMER IN CHARGE** — As many of us heard at the recent ANA — Association of National Advertisers — annual meeting in Naples, Florida, and again at the Parks Associates conference in San Diego, CA, the consumer is taking charge and we had better all be paying attention. Some big corporations, say an IBM or Microsoft, are unlikely to get with it — although they always proclaim they do. But the rest of us had better. The consumer, now freed to a multimedia life enabled in time and space with WiFi and WiMax for networking mobile devices that include 'time shifting', will just keep spending more and more on their ICE or Information, Communications and Entertainment. That is, when, where and how he or she likes it. For the many who are dynamic among us including a DirecTV, Samsung, Digeo and even Comcast, it is a great business opportunity. For the public it is just such a blast! For those who are not paying attention, think of the once mighty AT&T, Emerson, Xerox and RCA who are now among us mostly in brand name only. Believe it!

[Your mileage may vary. —RGK]

Send a question or
comment by e-mail:
info@cmsderfler.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@cmsderfler.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
Lake Forest, CA 92630
Tel: +1.949.584.0989
www.cmsderfler.com
newsline@cmsderfler.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@cmsderfler.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