



'Surfing the Waves of Change'

Thursday, June 1st, 2006

Bill Gash - Director

Partners in Television

“Interactivity is changing the way the industry functions, altering revenue flows and value chains and introducing powerful new players.”

“To succeed, a business needs to understand and work with these new market dynamics”

Themes to explore..

Three years is a long time in television

- The critical issues
- Slow starters and non starters
- Selling television
- Engagement
- New dynamics
- Learn to love the PVR
- Winners and losers
- A new way of using TV



At the risk of being over-dramatic I would say that most traditional television broadcasters are today standing about the equivalent of one mile from Mt St Helen.

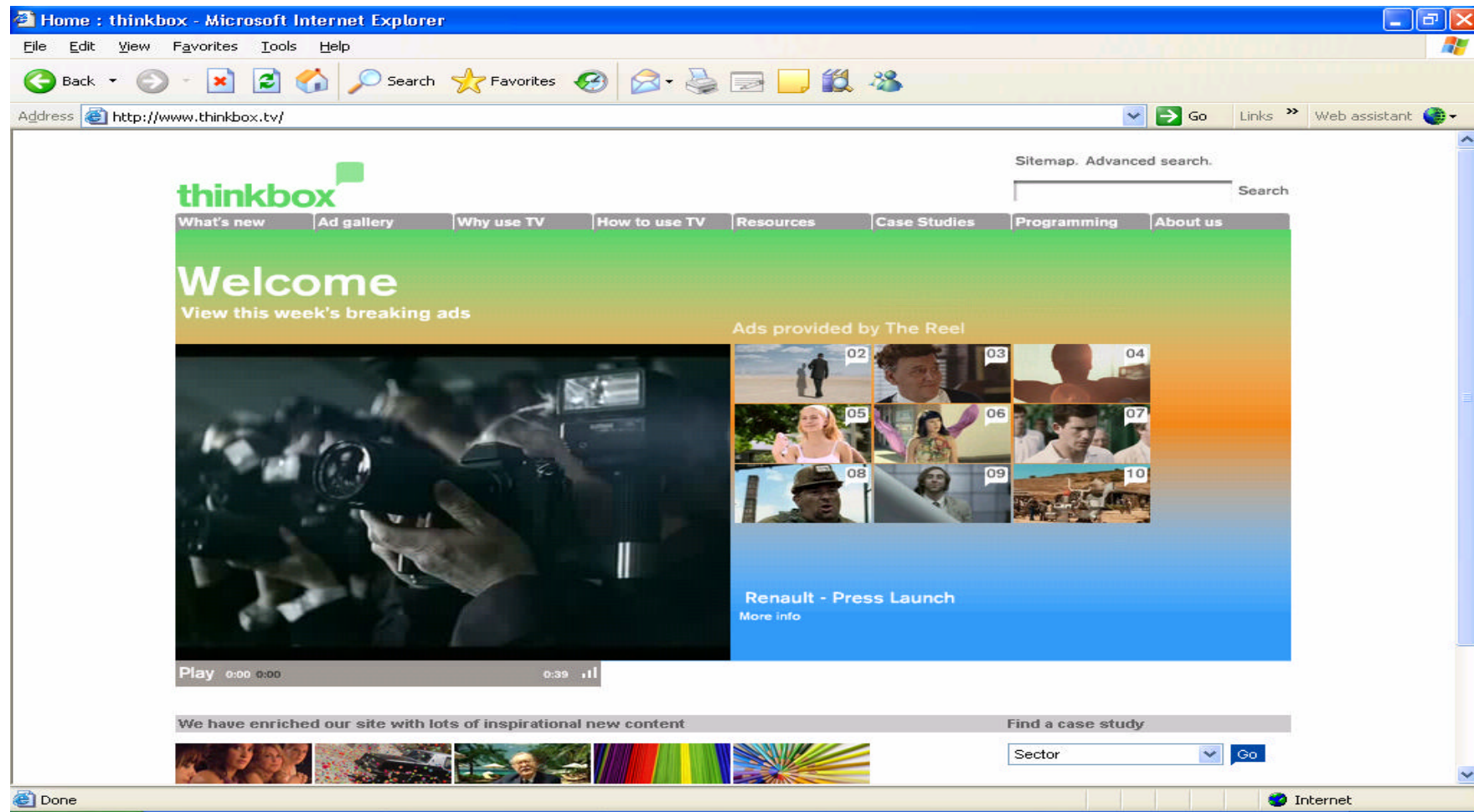
When it blows, frankly, that is too close and then it will be too late to run

David Currie, Ofcom Chairman,
11/10/2004

UK Market – digital media take-up

- Multi-channel digital TV
- Personal video recorders
- High speed Broadband Internet access
- Slow starters – interactive TV advertising
- Non starters – IPTV in the UK?

Thinkbox



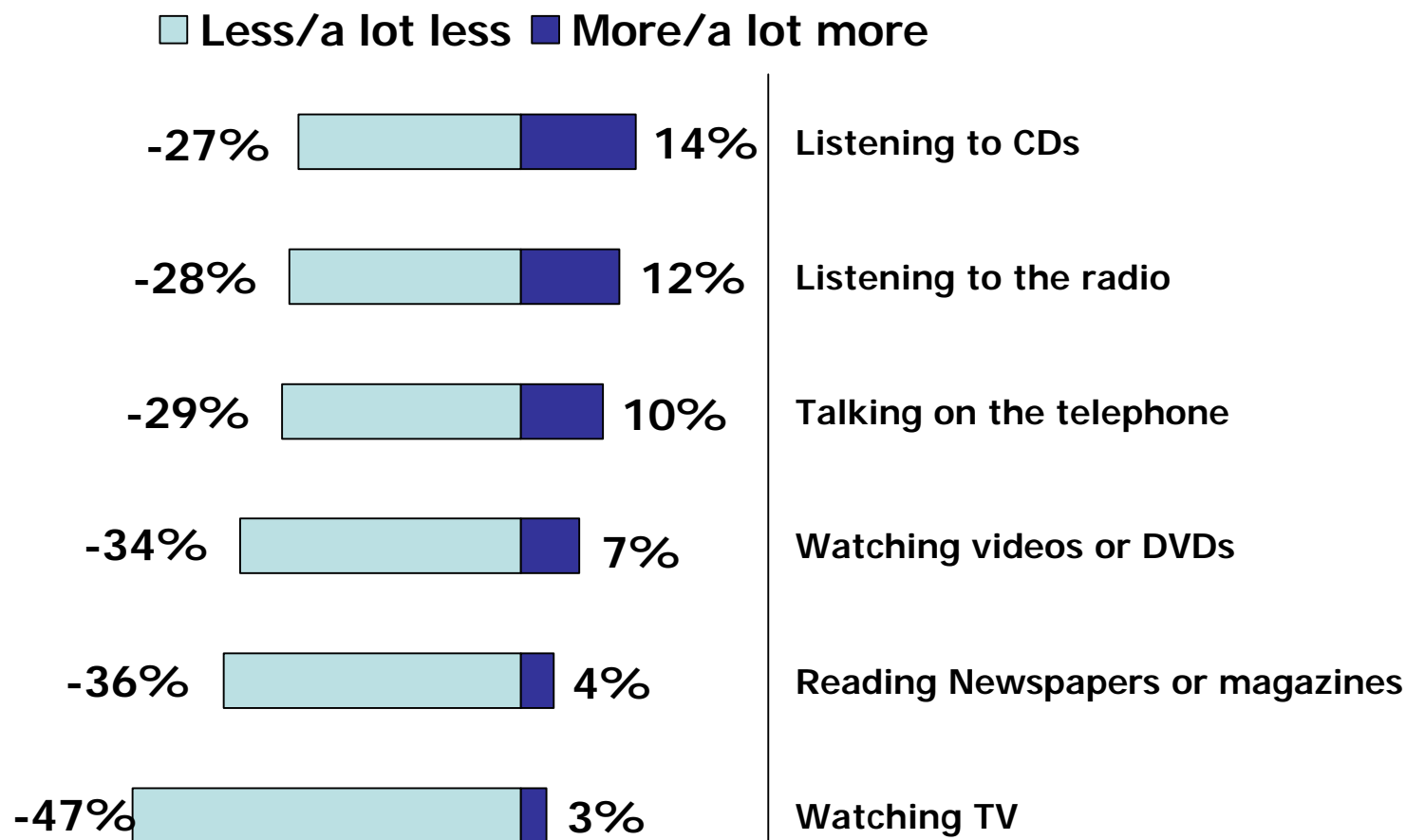
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eata association of
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Broadband users report reduced activity across all media, but TV suffers the most

Since subscribing to broadband, do you spend more or less time...?



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Source: Strategy Analytics Broadband User Survey, Europe, 2006

IPA TouchPoints



A ground breaking study that track the media usage and opinions of a 5000+ sample

- TV remains the lead medium for the majority of adults - this is true for all age groups and is irrespective of internet access
- The media hierarchy in hours for all adults between Monday and Friday is: 3.9 television, 1.3 hours radio and 0.8 internet. On Saturday and Sunday this changes to: 4.5 television, 1.5 radio and 1.0 internet

Source: IPA Touchpoints March 2006

The 4th Age of Marketing

- 1st Age - Advertising Led
- 2nd Age – Integrated ‘Through the line’
- 3rd Age – Media Neutral
- 4th Age – based on Active Engagement
 - Building dialogues and conversations
 - Based on engaging ideas and content
 - Inviting interaction and active engagement
 - Valued on evidence this is taking place

Interactive TV advertising

- Move beyond the limits of a 30 sec commercial
- Allow interested viewers to interact and engage
- 2 way dialogues and build relationships
- Prolong viewers interest and attention
- Enhance brand recall and awareness
- Capture data and feedback
- Measure the effectiveness of your TV advertising's impact

More campaigns, more revenue

- Technology, complexity, cost and measurability issues are being resolved
- BARB now measuring interactive application usage
- Channel 4 offering cross platform iAds using mobile phones for the return path
- Sky offering direct purchase iAd applications
- More formats, more options, more proof

But...

- Are agencies willing/able to recommend and use it?

I ? my TV

- A unique relationship based on
 - Familiarity
 - Simplicity
 - Trust
 - Convenience
 - Emotional appeal
 - Ambience
 - Social currency
- Extendable across other devices, but with TV at its core.

New dynamics, revenues, players

- Participation TV – creating the big crowd pullers
- Casual gaming – the leading iTV revenue earner
- Betting – lucrative where allowed
- Call TV – worth £80-£100m p.a.
- Convergent entertainment – TV anywhere
- Control – shifting towards the viewer
- TV – as something you use, not simply watch

Strengthening, not weakening the relationship?

What's keeping you awake at night?

- Audience fragmentation and measurement?
- Broadband TV and downloading?
- IPTV?
- Mobile TV?
- PVRs?

A new role for broadcaster brands – helping find and serve the best tele-visual content inside and beyond the home. A viewer's 'editor of choice'.

Learn to live with and love the PVR

- Self scheduling makes for more, better TV viewing
- Time-shifting happens – 80% or just 14%?
- Ad-skipping is inevitable – 90% or just 14%?
- Affects some genres more than others
- Very likely to reach a ‘tipping point’ at 2-3m UK households
- So encourage brands to become part of the TV experience – sponsorship, AFP, interactivity, cross platform
- Sky+ boxes – capable of storing downloadable interactive content for programmes and advertising

Changing the rules in the UK

Ofcom, with other regulators and the EC reviewing, its broadcast code

- Product placement
- Channel sponsorship

Broadcasters are bridging the funding gap

- Advertiser funded programme (AFP)
 - Good for brands?
 - Good for viewers?
- All opportunities for interactivity and engagement on and beyond TV

Who's getting the most out of interactivity?

- The platform operator?
 - DTV
 - Telco /ISP
- The broadcaster?
 - Sell the medium
 - Sell new ways of exploiting it
- The advertiser?
 - Understand its power
 - Experiment with new 'engaging' formats
- The viewer?
 - Armed and empowered to demand more, better TV

A new way of using TV...



- Where clients can engage and activate interested viewers
- By providing branded information or entertainment
- Using their own programmes they invite viewers to watch
- Where they have control over the promotion, editorial content and delivery
- Acquiring the hours they need to deliver these on digital TV and via broadband
- Measuring value based on engagement, not simply the audience ratings
- A simple, novel approach

Questions..?

Thank you

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