

**a broadcaster perspective**

## knowing your consumer in the 21st century

**Alan James**



The balance of power between broadcaster, advertiser and consumer has shifted fundamentally – in favour of the consumer. And this is posing key challenges for all in the fast-moving 21st century television landscape

The rate of technological change is accelerating at a speed we've never before experienced. We are all affected by this change in almost everything we do, the way we access and consume information, and the ways in which we then respond. Broadcasters and advertisers face key challenges if they are to ensure future consumer engagement, and weather a fundamental shift in the balance of power now evident – in favour of the consumer.

We only need to compare the options of a typical UK citizen at the end of the 1980s with one of today to put this change in the broadcast market into context. In just a fraction of our lifetime we have experienced an increase in the number of TV channels from just four to over three hundred. A handful of national and tens of local stations have evolved into a plethora of radio networks covering the country with specialist output – from banghra to grunge, speech to sport – catering for a diverse, media-spoilt audience. In 1989 the internet was unheard of beyond the US Pentagon and a handful of



'netheads'. Today's magazine shelves are heaving under reams of unprecedented choice. Mobile phones were the size of bricks and solely a business tool. Meanwhile SMS, DVDs and PVRs were unheard of and the concept of pausing live TV fantasy.

Information technology, the non-visible 'enabler' that has allowed us to access content more easily, has created an explosion in new services and consumer opportunity that has driven this fundamental change in broadcast. So in order to understand its impact BBC Broadcast (a commercial subsidiary of the BBC) commissioned a study called the Living Room Labs project.

### **Living Room Labs**

We believed that traditional qualitative group research studies into television viewing – and, in particular, the process of how people chose what to watch – was unreliable. We found the setting for this type of research to be unnatural as programme decision-making could be a very subconscious action using, amongst other tools, the remote control and, more recently, the Electronic Programme Guide (EPG). Attempting to get people to talk about such a process under such unnatural conditions could lead to inaccurate findings.

However Living Room Labs provided us with an opportunity to actually view and interpret viewer behaviour in the comfortable surroundings of the subjects' own homes. A research observer was placed in 25 selected UK homes, 80% of which were digital satellite or cable, or had Freeview. The observer spent five consecutive evenings in each home between 6.45pm and 10.15pm; each period included a weekend. While the researchers raised curiosity during the first night of observation, by the end of the second they had blended into the background and were left alone to observe how the various family groups interacted with their media, and in particular how they made decisions as to when and what to watch.

In this way we were able to monitor one hundred and twenty five evenings of TV viewing, which translated into over four hundred and thirty hours – or almost twenty six thousand minutes. In our opinion it is the most comprehensive study of this type ever conducted in this country, if not in Europe.

### **viewers, promotions and advertising**

Of particular interest to us was how viewers were influenced by promotions and advertising during programme breaks. In general, we discovered, the 21st century

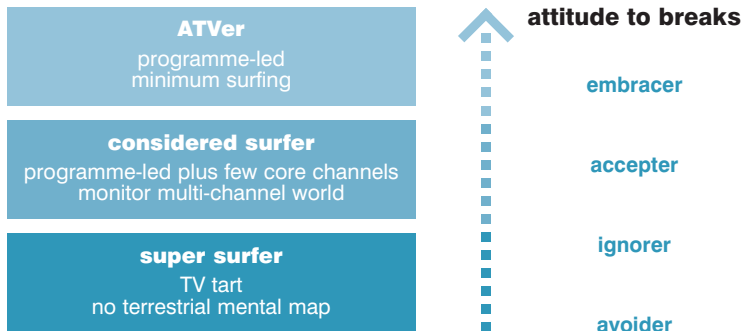


figure 1: typography of viewing – today. source: LRL, BBC Broadcast

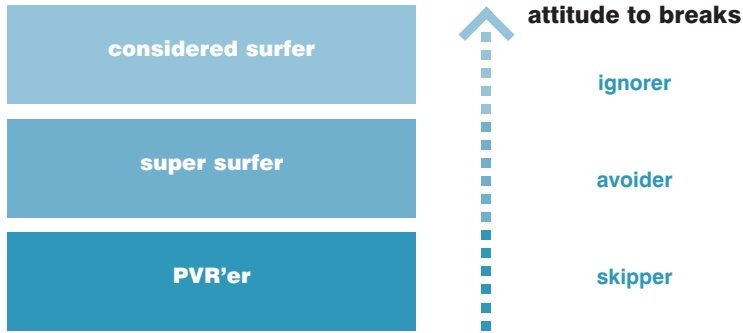
television viewer or media consumer is highly sophisticated when it comes to interacting with their media, and – as you would expect – increased access to technology led to an even greater degree of sophistication. If the 1980s and 1990s were dominated by the traditional remote control, then the EPG has become today's 'power tool'. The ability to surf while still watching your channel, plan your future viewing to be prompted at the relevant time, and to search for programmes by genre (all through the EPG) has proven to be incredibly popular with the new digital population.

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### a new breed of viewer

Our research identified three types of viewers: Appointment to Viewers (ATVers); Considered Surfers; and Super Surfers. These three groups are not mutually exclusive all of the time, however the category they fall into influences their likelihood to accept or ignore programme breaks containing either advertisements,

promotions or both. figure 1 details this relationship. ATVers seek out and embrace information while at the other end of the spectrum Super Surfers – or TV tarts – are dramatically promiscuous in their viewing habits and will seek to avoid all forms of adverts or promotion. Unsurprisingly, viewers in analogue terrestrial-only homes tend to have a greater propensity to be ATVers. Once homes become equipped with digital options – and, in particular PVRs – their residents become ever greater avoiders of messages until we eventually reach Super Surfers who dismiss channel loyalty in favour of 'quick fix TV' (see figure 2).



**doing nothing is not an option**

figure 2: typography of viewing – future source: LRL, BBC Broadcast

**super surfers**

The ultimate in Super Surfing is to be found in homes with PVRs and Digital Video Recorders (DVRs). In these homes – homes with Tivo or Sky + – even the EPG is rarely used: once the PVR world is entered there appears to be very little reason to leave. Recent research in the US has found that not only do PVR homes actually consume more TV but also that 90% of their viewing is via the PVR itself, with comments made such as "(this is) the best gadget we've ever bought". So with the PVR likely to become a living room accessory over the next decade with take-up as high as that of traditional video recorders, DVDs or digital TV, PVRs pose broadcasters (both commercially funded

and not) and all advertisers a huge problem: how to get viewers to watch their programming and advertisements.

So that's the challenge: what does the marketing community need to do in order to protect media consumption of their services and advertising revenues? Likewise, what do advertisers need to do to maintain or create product awareness and sales?

**four new Ps**

Traditional marketing theory suggests that the marketing mix consists of the four Ps: Product, Price, Place and Promotion. If this is still the case then I feel that 21st century consumer behaviour is creating four new Ps that need to be added to – or even replace – the existing ones. These are: Portability, Perpetuality, Permission Marketing and Personalisation.

**Portability**

My first P is Portability. It's not that long since whole streets or communities

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gathered around one of the relatively few available television sets at the time to watch major sporting, royal or world-defining events. World Cups, coronations and man's first steps on the moon were all viewed this way. Despite the huge fragmentation of viewing within homes that has occurred since the arrival of multichannel television and multimedia broadcast options, we are still required to return to our fixed abode or find the nearest bar. Television at present remains an 'at home' entertainment – a cue, surely, for future technology!

Digitalisation and media convergence will allow the consumer to obtain whatever content they want, when they want it and - most importantly - wherever they are. We already have Blackberries, WAP and Blue Tooth to name just a few systems belonging to the well-heeled executive and technological early adopter, but even these tools will become outdated as further convergence takes place.

We are standing at the gateway of information convenience. The recent launch of third generation (3G) mobile phones such as Hutchison's 3 is just the beginning of this path towards portable convenience. While yet to enjoy massive take-up, continued refinement of 3's technology will, surely, ensure its future success.

Audio, video and text will come together to satisfy consumer thirst for up-to-date information as content providers and broadcast platforms find other outlets for their wares. See the latest Premiership goal your team has just scored (or conceded) within minutes of the ball hitting the back of the net. Have exclusive access to Madonna's latest video 48 hours before general release. In situ mobile media enhances consumers' desire for convenience and up to date information. The consumer is put into the picture, almost literally, with busy lifestyles finally satisfied by this portability.

The home may still be the place to watch traditional length programmes, however. Although total viewing figures have generally increased over time this has come about at the expense of average viewing times to individual programmes or channels – basically we are grazing: watching more, but watching shorter programmes or parts of programmes.

The Living Rooms Lab research discovered that viewers were able to watch more than one programme at the same time. Their ability to know when the closing scenes of two competing soaps are, or when the big money question on a quiz show is about to happen, or when the 'let's surprise the owners' bit on that makeover show astounded us.

This phenomenon is perfect for tomorrow's portable broadcast devices and an essential area for broadcasters to get involved in as soon as possible. Short-form entertainment shows where you can influence the outcome of the programme via voting, or quizzes where you can compete against on-screen competitors or other registered players are all examples of

content that could be available through the 'mobile broadcast device'. And the opportunities for branded content and sponsorship are huge.

### **Perpetuality**

My next P is Perpetuality. While distribution of services is – and always will be – critical, what will also become essential to broadcasters and advertisers is the ability for content to be constantly available to the potential consumer. For never-ending content at your fingertips 'always on' devices will help satisfy the thirst for entertainment, information and convenience. On-demand services will allow the consumer to obtain what they want, when they want it. Introduce portability to this and they can also have it wherever they want. Once again, targeted content becomes the perfect promotional or advertising material for both broadcasters and advertisers to reach their target audiences.

### **Personalisation and Permission marketing**

My final two Ps go hand in hand. While Personalisation of messages is extremely powerful, those same messages become even stronger if the recipient of that communication has already expressed an interest in that product or service: this I have called Permission Marketing.

Some form of Personalisation of media is already with us. We are all used to receiving our own tailored direct mail, electronic or not. PVRs are already clever enough to become acquainted with our TV viewing preferences, and based upon this knowledge offer us similar programme content that we may wish to watch. This is

just the beginning of what will become the norm.

Highly targeted messages will be pushed to us, and these messages will not purely be sent to match a particular audience but will also match mood and audience need at that particular time. How about delivered pizzas before the beginning of that evening's chosen movie on demand? Or holiday discount vouchers when you first view the holiday search channel? Or even – as an added bonus for the consumer (and an opportunity for advertisers) – a further discount could be offered on these products if paid for on a specific credit card?

Such examples are not just suitable for the mobile world I mentioned earlier, but also for the home. The increasing use of PVRs and interactive services is likely to lead to a scenario where viewers each watching the same programme (maybe in separate rooms within the same home) would receive a different advertisement or programme promotion. This personalisation of messages would have been triggered by information already gathered from the viewer, broadcaster, or platform provider.

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profiles, will come more to the fore as the targeting model for future media planners. The traditional TV trading business model will need to be amended along these lines in order to satisfy advertisers, who have seen dramatic increases in the cost of advertising while being unable to increase the cost of their goods or services at the same rate. Broadcasters could well be remunerated by product sales results rather than by the traditional method of viewing numbers.

We are all aware of the adage that it costs many times more to sell your product to a new consumer than it does to keep an existing one. This is undoubtedly true. However one of the reasons for this disparity is that most traditional forms of advertising are unfocused and overly general in their targeting of specific demographics. If one was able to determine who and where the potential consumers with a higher propensity to buy were at any particular time then the disparity in these costs would dramatically reduce, if not even disappear. This is where Permission Marketing will play a huge future role.

By focusing on the 'warm' potential buyer rather than on a scattergun approach, purchase conversion rates will increase substantially. Permission marketing is already taking place to some degree, albeit only in text-based format. No longer do we take grave offence at that unwanted piece of direct mail through the letterbox or the unrequested e-mail promoting an opportunity online, we edit the non-relevant messages out of our life by using the bin or the delete key on our PC.

### **the new brand owner/consumer dynamic: information exchange**

It is our acceptance of these 'intrusions' in our lives – combined with our greed for instant information, exclusives and bargains – that will make us such easy targets for focused marketing in the future. Unlike previous generations we have no qualms in providing personal data to companies as long as we feel that we could benefit at some point. Supermarket loyalty cards or airline frequent flyer programmes fall into this category. These companies understand their consumers better; the consumer benefits from special offers, gifts or exclusives – it's the perfect win-win situation.

The most direct form of this information trade has, perhaps, been best seen in tests using mobile phones at shopping centres. Last year at Lakeside in Essex, shoppers were encouraged to register their mobile phone number along with some personal information. As these shoppers then passed various shops they received relevant highly targeted messages by text. These offered exclusive or special deals in that store. Once again this model shows how both parties win. So how can broadcasters and advertisers achieve this success on the more traditional media of TV?

### **achieving win-win on TV**

As we have seen, it's all about benefiting the consumer in return for them seeing or hearing your message. We call this reward TV, some may call it bribery. But I prefer to think of it as a mutually beneficial exchange of information. The better targeted the message through Personalisation aided with Permission Marketing, the better

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results you can expect with both parties satisfied.

Making reward TV a success represents a huge creative challenge, and a move away from traditional brand awareness advertising. To some degree, print media is already there. We have all learned to bin without opening nine out of every ten pieces of 'junk' mail. Yet we remain susceptible to the tenth if it intrigues us in some way, or if we believe we can benefit. Similarly in press advertorials we may be prepared to read an article on a product in order to be able to find answers to win that dream holiday, or new car. So the challenge for creative teams is how to increase that one out of ten success rate. This needs to be achieved across all media and the tools that I mentioned earlier – PVR and EPG – make the challenge in TV possibly the greatest.

#### **variations on the reward TV theme**

Financial reward however need not be the only criteria for reward TV. As mentioned earlier, exclusive access to content or information is also seen as rewarding, and creativity itself can also play a part in reward. It was not that long ago that the public regarded the ads and promotions between the programmes as more entertaining than the programmes themselves. Now that we've moved into the

digital world this no longer appears to be true. The challenge is to make this happen again. However this is where broadcasters and sales houses need to work closer together.

There is little point in creative agencies producing engaging, entertaining, rewarding advertising content if the viewer is immediately editing out the ad-break through their use of the EPG or PVR. The broadcaster needs to engage the viewer as soon as (if not before) the end-credits begin to roll, keeping them through the break to notice all planned messages. Only when this happens will we regain control over the situation.

By addressing these four new Ps – Portability, Personalisation, Permission Marketing and Perpetuality – advertisers will be able to maximise the efficiency of their communication and, in so doing, allow broadcasters to protect their future revenues. Both parties, however, need to work as one to ensure that this happens.

Undoubtedly, there will be other challenges on the horizon as technology continues to evolve. But as long as the consumer is put at the heart of all communication, and agencies and broadcasters adapt to these changes, broadcast media will continue to be highly effective in maximising both awareness and sales. ■

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