In the UK we have not reached the point where agencies, advertisers and TV companies are prepared to work together to develop a new trading model. One of the difficulties is that few people really understand the exact nature of the changes around us. We all knew how a 30-second ad used to work; but we do not necessarily know how spot advertising works today. Alan Rutherford explains…

Perspective: *Advertiser*

1.5 Re-thinking old habits

It is no secret in the industry that Unilever has reduced the proportion of TV spot advertising within its brand communication budget over the last five years. Why? Because we believe there are more effective ways of investing our money. We live in a rapidly changing world, and we have to respond by being willing to experiment. Old assumptions do not necessarily remain true. It is no longer clear how spot advertising on TV works: the multichannel world has muddied the waters. Digital TV and the interactive red button are altering the traditional relationship between viewer and TV. Some while ago we felt it was time to re-think how we use TV, and reconsider how significant a role it might play in our overall channel mix.

All the studies show a gradual erosion of the effectiveness of the traditional ad break. This is not to say that television as an advertising medium no longer works. It creates interest, stimulates the imagination and is an extremely powerful medium for storytelling. That, of course, is exactly why people watch it; they do not watch TV for the ads. So we are diverting money from spot advertising into other means of delivering commercial messages, harnessing television's actual storytelling power and looking at ways to link to other media.

Advertiser-funded programming

A few years ago, Unilever put in place an innovation mandate, requiring a certain percentage of the advertising spend for every major brand in every country to be used to do something different. One of the exciting discoveries we made, in markets abroad, was that advertiser-funded programming (AFP) can be extremely effective. There is tremendous value to be had from associating the equity of a television programme with a brand and brand values. Whether you use the content or the celebrities within the show, the

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medium creates interest and emotion which can be built into your marketing strategies. So I am convinced AFP should become a growing focus for us.

The situation in the UK is still fluid. We have yet to see how far the regulators will eventually allow us to go. But I can cite many successful examples of Unilever AFP from around the world. In Asia, we produce *The 21st Century Woman*, a top-rating prime time show in a number of markets. In Holland, Rexona works with *Pop Idol*. We have three major new projects in Vietnam (we ran 12 content programmes in full 360 in India). Lux has co-run fashion shows on television in India and Brazil. In Central Eastern Europe Knorr has successfully developed a number of celebrity chef shows.

One of our most exciting formats is being developed in Latin America to promote the Lynx brand, which there is known as Axe. The programme is called *The City Hunters*, in which a worldly-wise, experienced 40-year-old gives advice to young men on how to pull, suggesting chat-up lines they might use, or other means of wooing a woman. In the current climate, that would certainly be too risqué to run in the UK, but a similar principle could be applied here to other brands. Take the 'Real Beauty' ad campaign associated with Dove. It would take only an hour or so brainstorming to come up with three strong programme formats built around the idea of what makes a person attractive, which could be run on multichannel TV in Britain. Not only is it a fascinating theme, you would be even justified in describing it as a public issue.

There is a great deal creative agencies can learn from TV programme-makers about how to develop AFP content. Equally, television companies can learn much from creative agencies about how to research what they produce.

It is essential that whatever you do is a *good* programme, with strong, compelling content and high production values. There has to be a clear benefit for the viewer, or it will not be watched; worse, the negative connotations of being associated with poor programming are huge. So far we have used a set of key agencies to develop brand communication and content. But there is a great deal creative agencies can learn from TV programme-makers about how to develop AFP content. Equally, television companies can learn much from creative agencies about how to research what they produce. My experience so far has been that few TV programmes are as thoroughly researched in their development stage as a typical 30-second ad.

Developing new models

With the growth of multichannel digital TV, we have moved into a new media landscape in which all of us must be ready to change what we do and how we do it. Advertiser-funded programming is only one possible route to

success; there are many others to explore. From an advertiser's perspective, it is not necessarily the large creative agencies that offer the best and most cost-effective solutions across all channels.

Using a small digital agency, we were recently able to run a Sunsilk viral ad, a superb 40-second film, which cost around £15,000. It achieved a 27 per cent take-up via the Unilever database in Spain: people mailed it on to friends and 140,000 people clicked onto that ad in just the first five days. At that price, we could make and run ten such ads for the same cost as a single TV commercial produced by one of the leading creative agencies. If a small agency like that can produce a brilliant ad on such a tiny budget, why can't the big creative hotshots offer the same?

Relationship marketing

Creating strong brand equity was the reason most advertisers used to turn instinctively to television. However my growing belief is that the best way today is to take a multichannel approach. Consumers have enthusiastically embraced new technologies – the internet and mobile phones, especially – and feel deep emotional links to them. Creating relevant connections between Unilever brands and these technologies can be a powerful means of building brand equity. It does not mean using technology for technology's sake, but putting the right content on the appropriate technology.

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In Latin America, for example, Unilever has created the Axe Club. Building on the television show I have already mentioned, *The City Hunters*, it provides a guide to what to do and where to go in the evening, city by city, accessible via mobile phone. If you are in Buenos Aires, for example, you can ask your phone to give you a list of the hottest new clubs and bars. We even offer a set of witty chat-up lines! The consumer gets added value in the form of information presented in an entertaining way, but we are also creating a two-way relationship between brand and consumer, a push and a pull. We want to open up a conversation between us, where eventually the consumer will start calling on us for information that could generate revenue. In this way brand equity can be built and that, in turn, makes it much easier for a brand to have real edge in its target market.

The interactive red button enables a similar push-and-pull relationship via digital television. The strength of Thomas Cook TV, for instance, lies in the fact that it can both showcase products and also allow the viewer to transact there and then. It is not only smart but also relatively cheap to run. The ability to transact is not essential, however: we can use interactive television and online media to build brand awareness and make consumers' lives easier. In Germany, for example, Knorr is one of our biggest brands. Online – and perhaps in the future via digital television – we can build a whole interactive experience around nutritional advice and the Knorr recipe of the day, tying in with the local equivalent of Tesco, so you can call in at the supermarket on the way home from work and pick up the Meal of the Day.

Challenging the conventional infrastructure

But why is there not already a rush to exploit these and other opportunities offered by new media and digital television? Sadly, there is an inherent resistance to change within the industry. Without a doubt, the current infrastructure is delaying the growth of multichannel television. But although Unilever's experience suggests it pays to test new ideas, there are a number of big advertisers who feel relatively protected by the present share deal system, and see insufficient incentive to break out of the old ways of working. And to the typical marketer who remains in the job only a couple of years before being promoted on up the company ladder, challenging the way things have always been done doesn't seem a worthwhile career risk.

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Meanwhile, the agencies are equally comfortable sticking with the present model. Competition between media and creative agencies is intense. Regrettably, that is even sometimes true within a single agency group; there is often a disconnection internally between what planners and buyers do. It is difficult for the two to work together when there is only a set amount of advertiser income on the table and both are chasing it. They may truly believe they are willing to combine to try new strategies, but in practice the whole group is rarely as cohesive as they claim. The present trading model works to their advantage, enabling them to deliver at the price they say they will, and to use planning tools and other added value areas of their business as a differentiator. Inevitably it is in their interest to maintain the status quo.

So there is little consensus within the UK industry about how to respond to the new complexity; agencies and advertisers do not always see eye to eye. It seems everyone has their own agenda, which they are fighting hard to protect.

Yet from a global perspective, it is clear that a number of other national and international markets – within Latin America and Asia, especially – are more advanced in their approach. They are well aware of how the changing media landscape can impact on brand sales and brand equities, and are prepared to be far more adventurous in the way they use individual media channels to best effect. Here in the UK we have not yet reached the tipping point where agencies, advertisers and television companies are really

prepared to get together and work with each other to develop a new trading model: something which has to be done on an industry basis, rather than individually. There seems to be a prevalent attitude that the tried and tested is the only safe and sure way; people are reluctant to engage with uncertainty.

Without a doubt, the current infrastructure is delaying the growth of multichannel television.

One of the difficulties, I suspect, is that few people in this country really understand the exact nature of the changes around us. We all knew how a 30-second ad used to work; but we do not necessarily know how spot advertising works today. Nor are we sure how to measure the full benefits of advertising on multichannel TV.

Yet this is the ideal climate in which to challenge old habits. What we need are fresh incentives to encourage advertisers and agencies to try new ideas and new ways of working. This would benefit both advertiser and media owner because if a channel is running numerous low-cost, low-creative direct response ads then the overall quality of that channel environment as an advertising medium could be devalued.

Although Unilever's experience suggests it pays to test new ideas, there are a number of big advertisers who feel relatively protected by the present share deal system, and see insufficient incentive to break out of the old ways of working.

Clients should be questioning what the agency is offering in terms of schedules and plans. Media owners for their part need to be able to justify their charges. Greater openness would benefit us all. If media owners in the European market were more prepared to welcome auditors, clients would have a clearer grasp of which channels might suit their product best, and how to make the ideal use of them, for maximum cost-effectiveness. Of course it makes sense that a big client spending a lot of money with a particular media owner will get a better deal than a small client. But the degree of flexibility we find in Asian markets is unheard of as yet in the UK. In Asia, people are far more willing to enter a conversation about measurement, and strike a deal.

Realism about audience measurement is essential, of course, but we must look equally carefully at *brand* measurement: both hard line sales and equity attributes. In a brand-building market, for instance, there are certain levels of effective frequency, beyond which there is wastage. At Unilever we continuously track our brands for what we consider to be the key measurements, looking at ATP (Advanced Tracking Programme) and awareness-based planning, rather than simply reach and frequency. In other countries, we have run a programme of research with Millward Brown looking at different communication channels, how people use them and what effect they have. It is part of our overall research programme studying how brand content connects with the consumer. Less sophisticated advertisers who still buy on effective frequency, however, will take more convincing why they should use a specific channel: all they have to go on is what they believe works in principle, and what worked for them before.

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Unless we develop some sort of consensus on how to measure what is going on, we will end in chaos. This has to be done on an industry-wide basis, however: improving measurement and evaluation at a company level will not be sufficient. The Broadcasters Audience Research Board (BARB) has to move with the times as well. At the moment I sense they do not fully reflect how TV is being used, and it is up to all of us – media owners, agencies and advertisers – to make it clear what we need from them in the way of research.

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It would be interesting to know, for example, if (as is often claimed by multichannel media owners) whether the viewers watching targeted digital multichannel TV are more involved in the programme environment than if they watch a show on Channel 4. If this is so, what knock-on effect could there be for traditional spot advertising and sponsorship? Surely there must be scope for multichannel to be able to identify and highlight the advantages of running a spot on their channels, rather than anyone else's. Clearly, it is incumbent upon the niche channels to demonstrate their value. Nor has anyone yet adequately demonstrated the real effect of PVR viewing on advertising. Sky maintains it makes little difference – a claim countered by a number of other studies, which suggest that in fact PVRs are having a dramatic negative effect.

Overall, the new media landscape presents a massive opportunity for all of us. But the industry is dragging its feet, reluctant to commit to

change. My guess is that many advertisers yearn to try out new ideas, but are held back by the knowledge that a number of their biggest competitors are content to sit back and do nothing, feeling protected by those familiar and comfortable share deals.

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You might well ask what we at Unilever are doing to challenge the present system. The answer is that we have now begun actively to seek out only those agency partners who are willing to embrace change. But I am prepared to admit it will take more than that. Only with greater co-operation between us all – media owners, advertisers and agencies – will the industry be able to take full advantage of what is out there. It is no good hanging back waiting to see who will move first. Someone has to take the initiative; we must begin to work together to break out of these outmoded practices, before we can reap the rewards of the future.