

Digital Dialog

New Technology is Talking. Your Customers are Listening.

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MP3. DVR. iPod. Ti Vo. Thanks to new technology, there's a new way to communicate with customers. Do you speak the language?

A Changing Landscape

Personal technologies like iPods and Ti Vo are "changing the communications landscape," says Dave Florin, president of the Madison-based Hiebing brand-development and marketing firm. "Consumers have so many more tools to block out unwanted communication, and marketers must understand that they're uninvited guests. They have to make sure their messages really resonate with their targets."

This creates challenges for traditional media – network TV, radio and newspapers – that target mass audiences. "Nationwide, more people are watching TV than ever before, but networks aren't hitting the same viewer numbers," says Florin. He notes that cable TV is fragmenting viewership, and that its ability to target specific lifestyle segments is an advantage.

"Radio consumption is also down, in significant part due to iPods' ability to download music and customize consumers' choices," he continues. "And we're seeing a trend toward declining newspaper readership, particularly in folks under 35."

There are exceptions to these trends, particularly where traditional media are branching out and using additional technology to reach consumers. For example, TV stations, newspapers and radio stations are using websites with on-demand news to reach younger audiences.

"We're becoming a more electronics-oriented world," says Jeff Schultz, general manager of Charter Media, the advertising arm of cable company Charter Communications, Inc. "MTV is older than today's college graduates, and with every generation going forward, we'll have to look at what technology they've grown up with."

"The overall trend is that we're trying to capture the attention of people who have more personalized expectations of media," adds Florin. "The expectation today, particularly of the younger generation, is that they'll absorb media on their own terms."

Media On Demand

He cites MP3 players like iPods as a good example. "If you



miss an episode of 'Lost' on TV, you can download it via podcast (audio and video downloaded on demand to an MP3 player) and watch it at your convenience."

The challenge for advertisers is that, because it's a digital medium, you can skip through the advertising much more easily. "If I bought a 30-second commercial in a 'Lost' episode, it won't appear in the podcast version," Florin says.

Digital video recorders like TiVo also enable viewers to skip through advertising. "They let consumers be their own television programmers," says Schultz, whose company offers a DVR product. "DVRs record the programs you tell them to and you play them when you want. It's a very fast-growing marketplace."

The devices also let consumers fast-forward through commercials. "At first TiVo let you skip commercials entirely, but its manufacturers realized the content delivered to the home is supported by advertising – it's not a good idea to skip it," says Schultz.

He says advertisers are starting to design commercials so they have a secondary effect. "If viewers don't watch an ad at normal speed, what do they see? There are two messages: the real time one and the fast-forward one. Do they still see my logo, my selling points, my call to action?"

Advertisers are also experimenting with podcast ads. "ABC and Disney have said they'll give away episodes of 'Desperate Housewives' and 'Lost' for free, and advertisers like Ford will embed messages," says Florin. "They're looking at significantly more interactive messages such as games or contests that also promote products."

Charter offers on-demand advertising via cable TV. "We're looking for ways to complement the power of the 30-second TV ad, traditionally the most powerful way to influence a buying decision," says Schultz. "Now we might marry it with a longer streaming video that consumers can access."

Advertising content resides on a server, and cable customers can use their remotes to navigate to advertising menus. "If someone's watching CNN or ESPN, for example, a commercial's call to action might be, 'Use your remote to go to channel 99 for more information about (the advertiser's business).' There they'd see a video brochure, or an infomercial or virtual tour," explains Schultz.

This capability uses technology designed for on-demand movies via cable TV. Eventually Charter plans to geographically "catalog" advertising content, so viewers in different regions have access to menu items and content customized for their areas.

Florin cites Internet search-engine marketing as a prime vehicle for on-demand information. "If it isn't a component of a company's communication efforts, it absolutely needs to become one," he says.

"When consumers use search engines, it's one of the few



times they're actively looking for what you have to say. If a company's not starting with that, it's way behind," says Florin. "The Internet has reframed the way people look for information and the brands they'll do business with."

A Fresh Approach

Today's technologies present wonderful opportunities for companies willing to take a fresh approach to planning, according to Florin. "It's an opportunity for brands to out-smart rather than outspend their competition," he says. "If you can find a new channel that fits with the way your target market is viewing media, you can connect with them better than your competitors do. It forces us to be smarter, more relevant and more creative."

Boomer Backlash

But, Florin cautions, "There's so much going on and so many new channels – podcasts, streaming video, weblogs – that a large segment of the population's not using yet." He notes that, according to the last statistic he saw, only ten percent of households have DVRs.

"We're seeing a bit of a backlash from Baby Boomers questioning why so much attention is focused on targeting the younger generation, when the Boomers are the ones with money to spend," he says. "To address this, make sure you know who your target is, and that the message and medium fit. New technologies and channels should still constitute just a small segment of your marketing/communications plan in most scenarios."

However, the shift to new technologies continues to accelerate. "There's no finish line to this," says Schultz. "Phone companies, satellite providers, makers of portable devices are all striving to outdo each other. That drive and competition will continue to create new things, and products are coming to market and getting tested faster and faster. It helps us drive a better value to customers."

