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1. Join the “Connected Age”

Television is trying to find its place in the world of multiple overlapping media platforms. The broadcast industry is moving from the rigid system of linear two-dimensional television to a three dimensional demand culture. The new digital era has brought new ways of communication, interaction and integration of different platforms such as mobile, web 2.0 and television.

To succeed, broadcasters need to embrace the new “Connected Age”; where people like the opportunity to have their say and express themselves. It’s the new era where viewers will be counted as individuals and not mere numbers.

In a media fragmented world, companies are going to work harder to keep their customers’ advocacy. Creating an “enhanced experience” and adding value to customers is one way this may be achieved.

These changes are reflected in the year-on-year advertising revenues that are suffering continuous reduction and audience fragmentation through platforms. New marketing paradigms have already been addressed by major advertisement investors that see communications models moving beyond the one-to-many model to the 1-2-1 direct marketing system and 360 advertising commissioning.

CRM, 1-2-1 marketing, integrated database systems and direct sales responses must apply to television addressing the challenge of the new “Connected Age” were:

- Television is not the only release window
- Viewers consume more content
- 24h of content is not enough
- Viewers are becoming platform agnostic

The more details you have of your viewers the better you can address their needs.

2. Understand your viewers’ interests

Change in viewers’ behaviour is one of the most evident trends today. The only way to convince this new generation is to join them, share in their interests, activate and engage them. The economics of mass media have been inverted, viewers are surrounded by multiple screens (fig. 1) and retaining their attention is an increasing challenge.

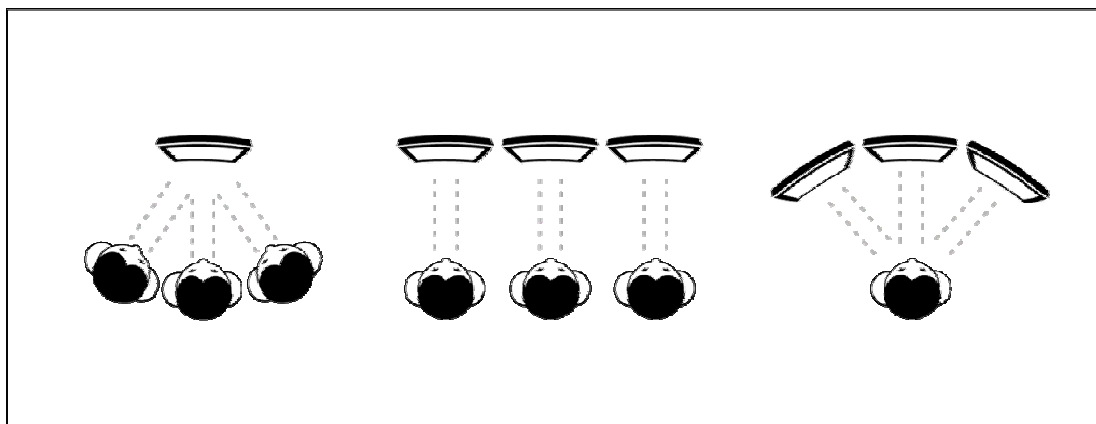


Fig. 1 Mass-Media Inverted Economics

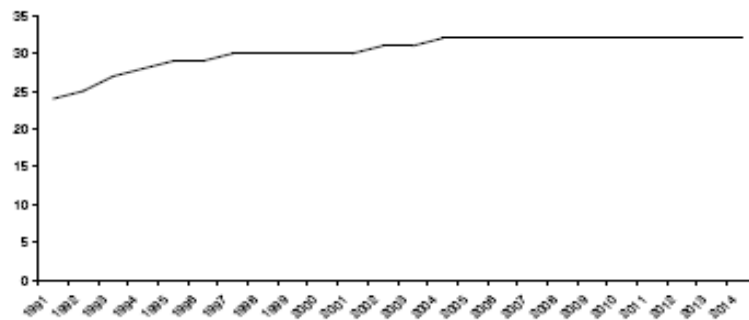
Mass communication is quickly becoming an old paradigm being replaced by Mass-customization (Varian at al. *The economics of Information technology*, 2007, Cambridge press). Today’s consumers are

increasingly demanding and the competition to gain their interest is intense and challenging. For consumers to engage, the message needs to be packaged the way they want it and delivered when they need it.

3. Advertisement at treat

Consequences of these rapid changes are damaging TV advertising revenues globally. Broadcasters have witnessed a continual reduction in advertising revenues (fig.2); while Internet based new business models are gaining momentums (fig.3) thanks to their capacity of custom tailor advertisement for specific consumer groups.

**TV share of advertising spending – Western Europe
1991/2014**



Source: Zenith Optimedia

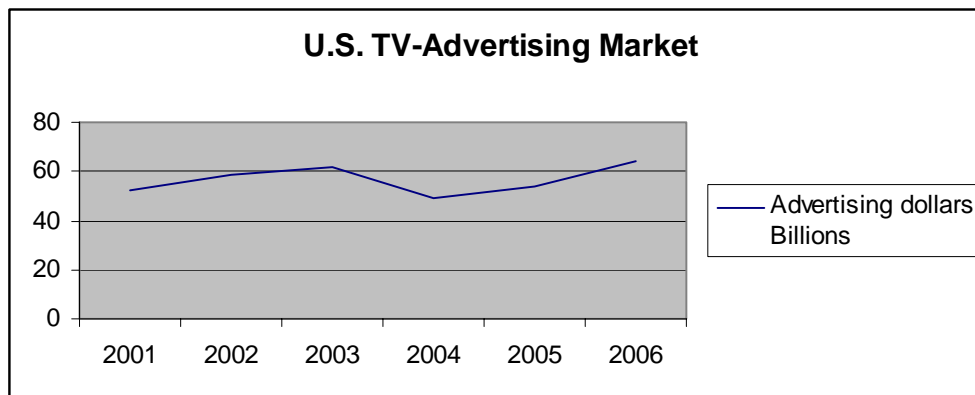


Fig.2 U.S. TV-Advertising market (combined source information PwC, Kagan 2006 Media Projections, CAB 2006 projections)

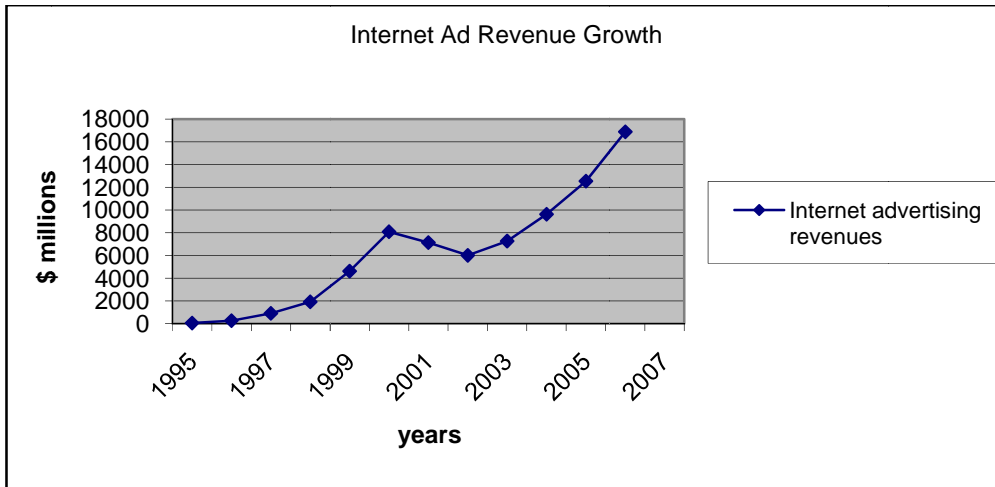


Fig.3 Internet AD revenue growth (source Price-Waterhouse-Cooper)

Internet advertising is expected to account for 10% of the overall US ad market by 2010, a 100% increase over 2004, when advertising accounted for 5% of a \$189 bln market, which includes newspapers, magazines, cable TV and network TV. By 2010 revenues from online advertising will reach \$23.5 bln out of the estimated \$235 bln companies are expected to spend, Park Associates said.

Major advertisers such as Procter&Gamble, General Motors and AT&T have already shifted part of their advertising budgets to online campaigns. P&G's spending on internet display ads inched up to 2.1% of its outlay in the first two months of 2007 vs. 1.6% last year. Moreover, P&G corporate marketing director Roisin Donnelly said the company has also begun the process of developing dedicated online ads; because "Online you have the opportunity for longer, more appropriate messages." She added that P&G does plan to increase its online spend this year.

Threats to the advertising business models come from audience fragmentation, Internet Television, PVR and the flowering of hundreds of new niche digital channels. There is a scattering of viewers' attention across different channels and platforms. The fragmentation is recorded in the constant decreasing of viewing shares for UK broadcasters (fig. 4), where major broadcasters such as ITV1 and BBC1 continue to lose significant amount of viewers year-on-year. Numerous researches, published by Sanford C. Bernstein & Co., LLC, show how audience share loss is even more evident on digital platforms (fig. 5 and 6) (DigiTV, DigiCable, Satellite).

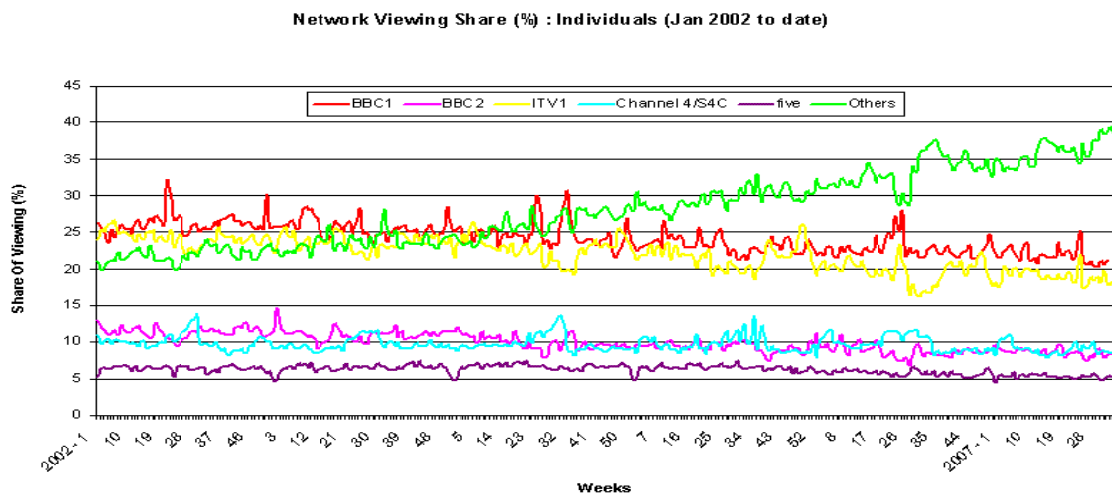
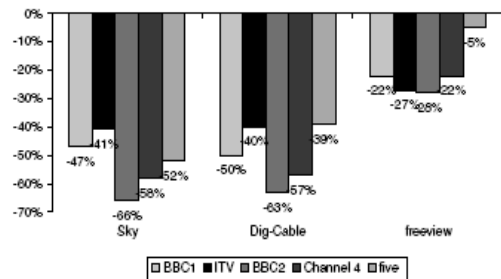


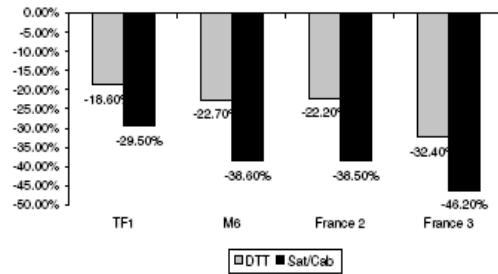
Fig. 4 Network viewing share (source BARB).

UK FTA broadcasters audience erosion on digital platforms



Source: IPA, BARB, Bernstein analysis

France – FTA broadcasters audience erosion on digital platforms



Source: Metramedie, Company presentations, Bernstein analysis

Fig. 5 UK FTA broadcasters audience erosion on digital platforms

Fig. 6 France - FTA broadcasters audience erosion on digital platforms

Television advertising, based on Claudio Aspesi’s research report at Berstein research, is constrained by an inflexible supply curve. The quantity of advertisement space that can be supplied by a television channel is fixed no matter what the market price is. Consequently, the price is adjusted based on the demand curve; any new product or technology that increases demand and supply will therefore price.

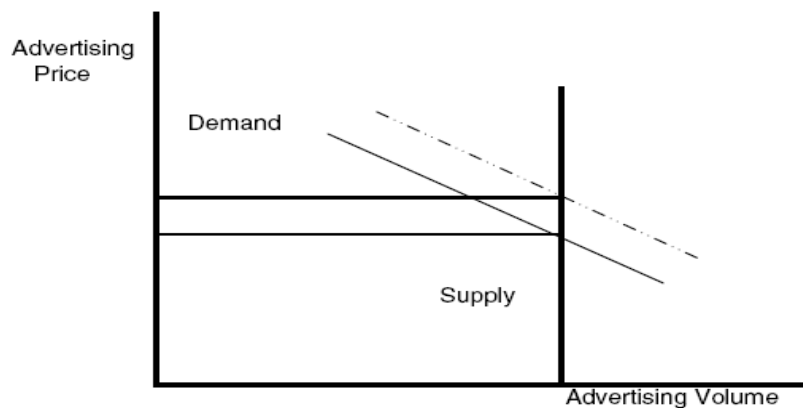


Fig. 7 TV Microeconomics framework (source: Berstein research)

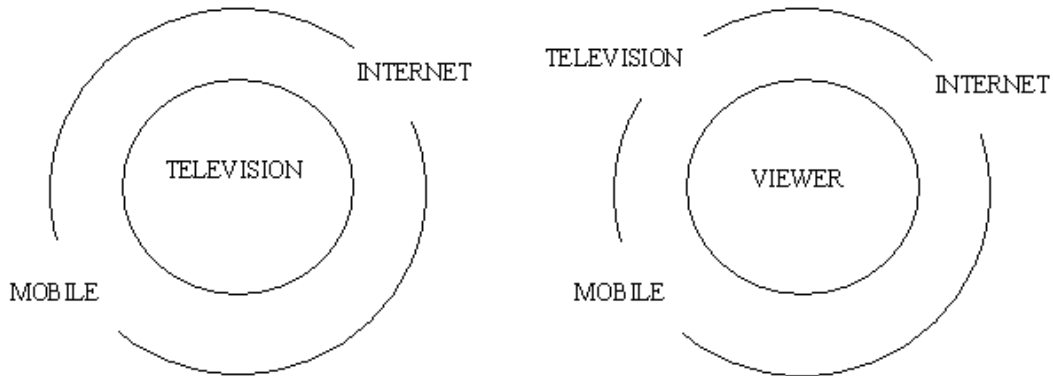
New technologies, already available in the market, help increase the value of advertisement in terms of better targeting and accountability for results. CRM (Customer Relationship Management) systems, enhanced technologies and management of customized advertisement will have a measurable impact on CPMs and ROI for advertisers.

4. Think Interactive

The questions that broadcasters need to address in such a fast changing environment are “where is my audience? How do I reach it?” The answer relies in exploiting new forms of interaction in order to open the two-way flow of information between broadcasters and viewers.

In other words, broadcasters need to become the pivotal medium to re-direct viewers to alternative platforms; as the network builds partnership and acquire new media, they are starting to capture viewers' attention at multiple entry points; they are able to keep them within their own environments moving from television to other media and vice versa.

At its highest level, all these platforms need to become completely integrated to each other; there is no more hierarchical distinction where television plays the centerpiece while all the other platforms orbit around.



5. Entertain, Engage, Experience, Relationship

Broadcasters need to find a new TV Marketing Paradigm able to regain the ground lost in favor of their competitors. They need to start learning the lesson taught by YouTube, MySpace and Facebook models. All these services have one feature in common, interaction. They know everything about their users, where they live, birth date, gender, search preferences and who their friends are. They have real data that allow them to more accurately address each user's needs.



Broadcasters have to start thinking creatively in terms of platforms. The new digital era has brought new and amazing tools to capture the interest of the audience, and enhance interaction through a vast range of devices. Broadcasters need to upgrade their database with new and effective tools; they need to measure and offer compelling statistics to show consumer brands and their advertising agencies what this new landscape can offer in terms of brand building opportunities and interactivity.

6. Bring Data not statistics

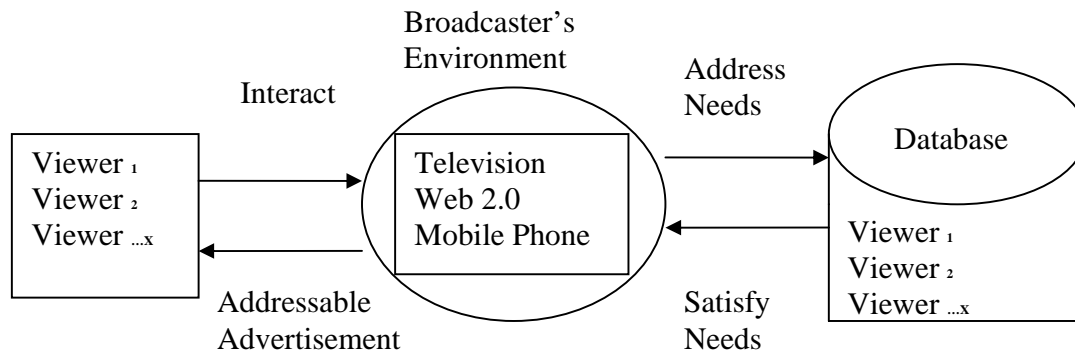
An integrated system that combines multiple database systems is the key to future advertisement models – media planners are already moving from focusing only on traditional media to integrating traditional media with new media. The TV advertising market is substantially declining because of its lack of accountability and its rigidity in price schemes. Creating a single platform source of information will increase accountability on investment for advertisers; moreover, it will help advertisers to specifically target consumers' groups across different digital platforms.

The issue now is to build a reliable system to measure and combine these new media. An outline of all the metrics that need to be taken into consideration is:

- Audience metrics – Barb and Audience services for digital television
- Television interaction
- Internet
- Consumer behaviour
- Demographic and psychographic variables

Measuring interaction in a multi-channel environment has become an essential part for every business. Broadcasters need to start looking at the big picture and collect data from different sources, they need to measure interaction and look at what people do and want.

Broadcaster will be able to create a new, powerful and individualized “database of Intentions”. Measuring interaction activity through multi-platforms they are able to aggregate results on every path taken as a result. A massive database with desires, needs, wants and likes of every individual interacting through the broadcasters’ platforms.



7. CRM strategies

The idea of comparing usage data across different types of media, can be addresses through the implementation of Customer Relationship Management systems.

Customer Relationship Management is becoming the contact point between customers and companies. CRMs solutions are a systematic approach to build a two-way flow of information and create long lasting customer relationship. Gathering personal and behavioural data, at multi entry points, creates a solid understanding of your viewer’s lifestyle and mind-set; allowing to reach the viewers via different outlets at different time of the day. A consistent and functional Customer Relationship Management system is the straightforward response to get beyond simple age, sex, and other basic demographics. Moving from mere age and gender statistics is the key to address new 1:1 marketing strategies and implement frequency marketing programs through loyalty schemes and membership clubs.

7.1 Collaborate with your viewers

CRM solutions are essential to effective 1:1 marketing approaches.

In *the One to One future* Martha Rogers and Don Pepper point out that “...you have to identify a single customer, address a larger number of this customer’s needs, and try to sell this single, solitary, individual customer as much product as possible.”

Mass-media requires broadcasters to reach as many viewers as possible, one program at a time; while a 1:1 approach will add to the equation the ability to retain viewers for as many programs as possible on as many platforms as possible. While a broadcaster has been focused on reaching different viewers with different programs, a 1:1 approach also tries to get constant stream of viewers.

Broadcasters need to start retaining viewers for more than just one off show; they have to keep viewers through out the whole day. They have to start interact with their audience and deliver compelling content based on what their viewers say.

7.2 Identify your viewers

When a broadcaster starts to individually identify its viewers, it will do so whilst gathering transactional data. Broadcasters will have to make the relationship with viewers worth the effort of joining. The reason why people join companies in membership programs that lead to 1:1 relationship is because they want more for themselves. “Customers” in general and viewers in particular, “don’t think of it as an adversarial transaction, but a collaborative one.”

7.3 Loyalty points and membership clubs

Relationship marketing, direct consequence of the 1:1 marketing approach, aims to build long-term relationship with customers/viewers. The most obvious program to build a strong and lasting relationship is frequency marketing, also known as loyalty programs and membership clubs.

Most of these programs are based on a reward system for loyal customers spending their money using their membership cards. There are different schemes that apply to these programs and the most commons are:

- Immediate discounts on purchased products
- Giveaway gifts
- Discount on further purchases
- Exclusive and collectors’ clubs

Don Pepper and Martha Rogers, in *The One to One Future* and *One to One Manager*, give an account on how frequency-marketing strategies are a tactic and not a strategy:

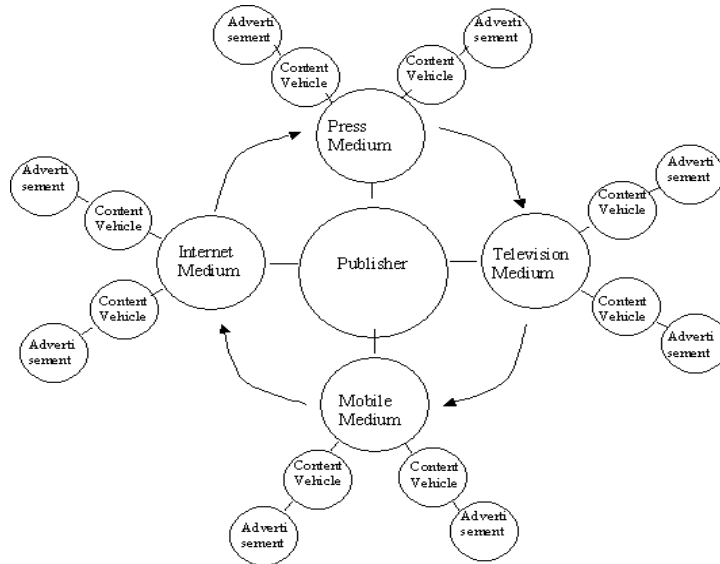
“When they are used in conjunction with an overall share-of-customer strategy they make sense, but unless they are part of a 1:1 program, they can easily amount to nothing more than another costly marketing promotion.”

7.4 Nickelodeon Community and Disney Club

Nickelodeon and Disney are the leaders in children television content. Their strategies are based on tailored services for a membership based audience and they keep investing in new ways of reaching and talking to their members. Both companies strongly believe in CRM systems and alternative platforms such as Internet and Mobile phones. They create explicit and implicit communities orbiting around their brands. They register preferences, demographics and physiographic data to understand likes and dislikes of each member and offer targeted promotions.

8. One Platform many Business Models

Customer Relationship Management, loyalty programs that enhance constant flow of information, will boost marketing sales opportunities for broadcasters. Media brands will lead the advertising industry in delivering a 360 commissioning strategy for advertisers; effectively connecting advertisers to consumers' groups through different media platforms.



At a high level, Broadcasters need to start thinking themselves as publishers. This is a concept derived from the rule of the Long Tail of content and advertisement. The more content broadcasters produce, the more will get consumed and the more advertisement will be sold.

Broadcaster put themselves as publishers of compelling content creating compelling material for each platform; every piece of content will be a vehicle for advertisers to promote their products.

8.1 360 Commissioning

The 360 media model is reshaping an industry that no longer relies on distribution platforms but on brand identities. Broadcasters have a strong relationship with viewers and with time they are becoming the contact point between advertisers and consumers through every digital platform. However, talking about reaching viewers is missing the point, the challenge consist in connecting and engaging with them.

Engaging in a 360 media campaign means marketers need to know and understand the target's mind-set and mind-style. Mel Berning, during an interview with Advertising Age, said *"It's no longer acceptable to put up an ad, you have to understand your consumer's lifestyle so you can begin to reach them at different places and at different times when they are looking for information"*.

The table below gives an account of which are the advertisement opportunities included in the 360 commissioning approach. Some of these opportunities have already been fully exploited, while others are on the brink of commercialization.

OPEN TV

Platform	Product	Marketing opportunities
Digital Television	Linear Programming	Promotion, sponsorship, 10", 20" and 30" advertisement
	Adtag and Adcopy	address different types of markets delivering targeted advertisement in multi-cultural
Website	Diverse multimedia solution ranging from miniewbsites for product promotion, to news and entertainment sites	Display advertisement, create unique user experience, engage customers, create promotional spotlight, get feedback from core customers, rich media advertisement, preroll, sponsor log, co-branded
Broadband Services	video players, webcast, streaming radio, widgets, free downloads	Video and audio commercials, sponsorship opportunities for webisodes, custom rich media programs, downloads.
Digital Platforms	Mobile Phones, podcast,	Custom podcast programs, mobile downloads, promotional offers, sweepstakes, mobile voting, opinion polling affiliates programs.
Digital Radio	Syndicated Programming, News, Young Adult, Kids, Sports, Urban culture and multi-cultural markets	Program Sponsorship, Custom Promotions, Display advertising.
VOD	Sponsorship	15", 30" pre- and post-roll spots
	Long and Short form Ad	1 min. to 30 min. short and long form advertisement triggered on-demand by viewer.
	Catch Up television	series' sponsorship, logo placement, 15" and 30" pre- and post-roll spots.
iTV	Direct sales	cross-platforms integration through call to action advertisement.
	Games	customized games, sponsorship, logo placement.
	Interactive shows	Contests, sponsored interactive series,
	Interactive advertisement	interactive advertisement offers new ways of brand experiences for new and core customers
	Interactive Program guide	banner ads
	voting, polling	customized sponsored opportunities in voting and polling surveys
Additional Properties	Hotel, live tours, theme parks, magazines	sponsorship, onsite promotion, sampling sweepstakes, product display, corporate events.

9. Producers in control

CRM solutions will not only help broadcasters to better address their advertising opportunities; it will also give an indispensable tool for producers involved in creating new and compelling enhanced television experience.

The new format of television content needs to take into consideration a drastic change:

- Interactivity
- Cross-platform
- Extra content
- Flexible formats

First of all let viewers download, share, rate and interact with your content. Give them variety of choices and observe what they are doing, there will never be one size fit them all, but there will be trends and specific needs that will give a better understanding on how, where and when viewers want to consume their content.

The new way of exploiting television verticals will address the need for viewers to exploit classic formats in a completely different way. A standard 30 minutes or 1 hour program will never be able to satisfy the different needs of all the viewers. Producers will need to make extra content available through alternative platforms.

Customer Relationship Management (CRM) systems are the keyword to keep track of new trends. Programs will be tailored for target audiences and delivered in an effective way through a multiplatform approach.

10. Conclusion

CRM systems are the most effective way to build a two way relationship between broadcasters and customers. Managing customer relationships will help the broadcasters to deliver the right content at the right time. Moreover, through CRM system any marketing strategy can be implemented to better address advertisers needs to reach targeted groups of customers.

CRM have already been deployed by some major broadcasters, especially in the US, however the potential of these systems has not yet fully been exploited. Marketing 1:1, loyalty points and membership programs needs to be implemented in order to engage and retain more viewers in the long run.