

## The death of TV advertising

In recent years TV campaigns are increasingly failing to deliver the goods.

What's the problem? Often the poor quality of ads is blamed, but the effectiveness of even the best campaigns is disappointing, a recent example being Carlton's recent multi-award winning 'Big Ad' whose sales coming into question.

Most would agree that moving pictures still provide the most impactful, memorable way to sell a product. The problem today is to get those pictures in front of your market.

### New broadcast media

Disney recently decided to make a number of top rating TV programs including *Desperate Housewives*, *Lost* and *Commander in Chief* available as streaming video via a website.

The BBC has just taken the first steps to open its archive of more than a million programmes to the web.

So the revolution is already underway. Where does it leave advertisers?

Well there are two problems. The first is that these new demand based formats offer new options. Disney's shows are offered free with commercials or for a fee for an ad-free download.

Thus two new broadcast models are emerging, along with the subscription model.

Nobody knows which model will win, but many studies and commercial experience have shown that people prefer ad-free content. Given the option, it's safe to say that many will be prepared to pay to avoid ads in the future.

As US media consultant Mark Pesce has said "The internet is like a giant TiVo machine (TiVo includes ad skipping technology), enabling consumers to get their programs when they want it and how they want it".

And they want it in different places. Macquarie Bank has been conducting digital trials here and in Britain for mobile TV via mobile phones. As programming designed for these new media come is shorter grabs (typically under 10 minutes), it's unlikely that consumers will want their precious bandwidth filled with ads.

### Free to air TV fails to deliver to advertisers

Lara Sinclair, The Australian's marketing writer recently wrote "As recently as a couple of years ago, laughter was the most common response to questions from the commercial television networks about whether the business of selling TV advertising space needed to change."

As advertisers struggle to achieve satisfactory ROI effectiveness from their TV schedules, the networks still talk about their "mass audience" and ask historically high rates for the airtime. What's going on?

Years ago, there was a mass audience but following a decade of decline, audiences are much smaller now, much smaller than most marketers think. In the UK, according to Tesco's Head of Media Services, in 1977 3 spots could reach 80% of the population but today you need 65 spots to achieve the same reach (Admap 2005).

In Australia very few programs are watched by more than 20% of households.

But 20% of households is a lot less than 20% of people, because often several people in a household are watching TV together. At peak times, 20% of households is about 12% of people

If 12% sounds a bit thin for a 'mass medium', now factor in the following. Many people don't pay any attention to commercials. A number of studies broadly agree that: - About one third of viewers pay close attention to the average commercial; - About one third pay no attention at all - they leave the room, change channels, etc. - The final third pay partial attention - they talk through the ad, turn the sound down, and so on, but are still available.

And as more TV is watched on playback via TiVo etc, it's safe to say that most ads will simply be fast-forwarded.

### Fewer people watching, wrong people watching

So the numbers aren't looking good. But there's the additional problem of demographic drift. The segment that's abandoned free to air TV in the greatest numbers is the lucrative 16-39 market. Between 2001 and 2005 this audience has declined by a whopping 17%. And as early adopters of new technology, no doubt the drift will accelerate.

As these numbers show, this group simply isn't at home in front of the box. Known as 'out and

abouters', they've got better things to do.

For the many marketers targeting this lucrative and formerly ad-friendly group, TV is simply becoming becoming irrelevant.

By 2010 only 28% of Australian ad spend is expected to go to free to air. So why do ad agencies still recommend TV to most clients, despite the facts? And why, if you walk into any ad agency creative department, will you see huge effort being directed at TV commercial production.

A number of reasons. One is that expensive TV commercials can still generate big margins and another is that they are still how the industry overwhelmingly judges its own creative performance at glitzy international industry awards. Is this a case of agencies putting their own kudos before the interests of the client?

But the bigger problem is that there simply isn't another medium which can put commercials in front of the lucrative market on a big screen. Not viral emails, SMS campaigns, stunts, online nor outdoor ads, all of which have boomed in recent times.

Everybody's struggling to find ways to reach this group in an impactful, engaging and memorable way but nobody has found a way to harness all the power of moving pictures in the environment where this market is at its most receptive...out and about.

### **Taking TV out on the town**

These days just about every pub, café, nightclub, gym and even shopping centre is liberally plastered with plasma screens. If the medium exists in these 'out and about' venues, then you might think that advertisers will be satisfied that their ads appear on these screens, right? Wrong, and for two reasons.

One is that all these venues play music to enhance their ambience, so you might be watching TV but you won't be hearing it. This audio-visual disconnect can be quite disconcerting as you listen to Wolfmother's latest track whilst watching some chef mutely mouth recipes on a cooking show! You can imagine that ads aren't likely to fare well in this environment.

The other problem is that nobody goes to these venues to watch TV; they are there to socialise, shop, exercise or whatever. Regular TV programs are linear, that is they require viewers to watch from beginning to end to understand the show. In this context that simply doesn't happen. And if the content doesn't attract viewers, the ads are ineffective.

It's a case of right idea, wrong content and the result is a lot of wasted screen space and a lost opportunity to grab that elusive target 16-29 market.

### **New opportunity: new content, new audience, new creative**

The challenge of providing non-linear programming which doesn't require sound has led to a couple of different approaches. The most basic is simply to run wall-to-wall ads using simple graphics with no audio. Some supermarkets have taken this approach to promote weekly specials where a product and price is all that's required.

But wall-to-wall ads using basic graphics are hardly likely to encourage active viewing nor to excite this image-savvy market. Furthermore, it's not the kind of thing that most entertainment venues would want.

This then is the challenge taken up by MOODTV a new media player who, in solving it, not only offers this kind of venue a far more appropriate content offering that they currently have access to, but also offers advertisers an exciting new way to reach 'out-and-abouters' in an impactful way. Mood TV brilliantly adapts the power of moving pictures but recasts them in an entirely new light by developing what it calls "ambient, non-linear TV".

Using a dazzling array of carefully edited visual clips, few more than seconds long, arranged into 3 minute compiles, MOODTV has created an entirely new form...visually arresting without ever being distracting.

Experiencing it is more like listening to music than watching TV; you can actively 'tune in' and watch it or choose to ignore it, in which case it still contributes to background ambience by providing a sense of colour, movement and excitement in the venue space.

MOODTV understands that, being a new kind of medium advertisers will need to adapt their campaign creative to work in the environment...just as they have needed to learn new approaches for online advertising. With ex ad agency personnel and creatives on staff, MOODTV is well placed to work directly with creative agencies and their clients to maximise advertising effectiveness.

## **An advertiser's dream**

MOODTV is in the fortunate position of being the perfect medium for a wide variety of advertisers. After all, Mood TV broadcasts where other broadcasters have failed to go...where the audience is.

Whilst alcohol springs first to mind, any product targeting young consumers would benefit from including MOODTV on the schedule....phones, cars, events, food, banking, cars...they're all trying to attract customers early in their purchasing lives.

Fortunately for MOODTV a similar UK medium has spent large sums measuring advertising cut-through, recall and sales effectiveness and these data are available through MOODTV's media sales division.

Advertisers can buy monthly campaigns by State and the number of ads per hour is much lower than subscription OR free to air so greater impact is assured.

If you want to get your market in the mood, there's only one real choice.