

# Zip Zap



**Rachel Helyer Donaldson looks at how advertisers can overcome ad zapping.**

**W**hen Sir Martin Sorrell, chief executive of the world's second largest advertising company, WPP, says ad-deleting personal video recorders (PVRs) are "an opportunity not a threat", you've got to take notice.

Could this hugely influential adman really be saying that these ad zappers are not going to lead to television commercials disappearing forever in a puff of smoke?

Sorrell recently told the *Guardian* the widespread use of technology that allows television viewers to cut out the commercials would actually force agencies and clients "to think about new and more creative ways of reaching the consumer using all the different types of television. Like all media fragmentation, it just makes the challenge greater."

"Once people get a PVR it immediately changes the relationship with their television," says Doreen Dignan, head of consumer insight at United Kingdom media agency MindShare.

She shares Sorrell's view. "I think we have to think of them as an opportunity, because it's certainly a threat to conventional ways of doing marketing."

For those that have them, PVRs have

revolutionised the way television is watched. The box of tricks under the telly allows for a 'time-shift' of TV viewing, to a more suitable time.

Up to three channels can be simultaneously recorded onto a digital hard drive and the programme may be watched while the rest is still recording. PVRs can also record an entire series and the largest will store around 80 hours of programming.

Some, like United States market leader TiVo, will even select shows based on viewing habits.

Arguably the technology's biggest breakthrough is allowing live television to be paused and replayed later.

The technology may be impressive, but the other striking aspect of PVRs is their ease of use.

While most adults failed to ever get to grips with time-recording the VCR, PVRs have a user-friendly interface and remote control that makes it simple for even the most gadget-wary luddites to master.

To date, PVRs have only been used in New Zealand by a handful of boffins who, unable to get access in this country to

PVR services, have bought set-top boxes online and wired them up themselves. But without an electronic programming guide, all you've got is a hi-tech video recorder.

In the UK, PVR users are a small but significant group of consumers that the media industry is watching warily. Although only in 1.5 percent, or 450,000, of British homes, PVRs are set to boom exponentially, particularly as the UK moves to digital TV in 2010.

By that year, estimates pay-TV market leader Sky (which has already sold 400,000 Sky+ PVRs), there could be eight million PVR households, 34 percent of the population. The current PVR market is expected to double this year to around one million.

As a result, recent research predicts technology like PVRs and video-on-demand (VOD) could slash the number of ads seen in Britain by a third.

PVR owners in the UK already watch about 42 percent of their television in pre-recorded form, according to a study by media-buying agency PHD. This means they actually watch one-fifth more

television than those without PVRs, but fast-forward through the ads 77 percent of the time.

Meanwhile, even 17 percent of viewers watching 'live' television with a PVR jump the ads, says media agency Starcom, which analysed the habits of 500 Sky+ users.

Another survey, by digital media agency The Big Picture, estimates UK marketers are already losing £30 million (one percent of the annual £3 billion TVC industry) on ads that are not reaching viewers because of PVR technology.

Despite all this, British marketers have been slow to look at the challenge PVRs bring, says Dignan. "Though clients are certainly aware of them – especially those who have one. They just need to look at their own behaviour."

Which is perhaps why in the US, where some two million households have PVRs, most advertisers are still uncertain about the effects of such technology and say they will slash television ad budgets as a result.

The survey of 112 US marketers by Forrester Research and the National Advertisers Association found 68 percent of advertisers feel unprepared to deal with ad-skipping technology and 75 percent said they would cut their ad budgets as a result. Yet Forrester forecasts that over half of US households will have some form of on-demand television by the end of 2007.

Brand owners need to adapt, and avoid being seen as an irritating interruption to people's enjoyment of valued content, says Dignan's colleague, Nick Walford, managing director of Performance Sportent Worldwide, part of MindShare.

Examples of brands doing this include

BMW holding art exhibitions and Thomas Cook buying an entire TV travel channel. "The interruptive model of advertising is being superseded by the engagement model of content."

Richard Huntington, planning director for UK ad agency HHCL/Red Cell, part of WPP, forecasts "brand Darwinism" where only the "funniest and fittest" will survive.

Other products that offer time-shifting technology – such as recordable DVD



Game on!

players ("they'll be bigger than PVRs") and VOD, finally being launched by cable giants Telewest and NTL, will pose similar threats to TVCs.

But Huntington says PVRs like Sky+ have reinvigorated TV, similar to the way Apple's iPod got people excited again about music. "It's a much easier way of acquiring and navigating content. When technology becomes really, really good, there's a sea change in people's behaviour."

Huntington, who has undertaken ex-

tensive research on PVRs for his client Sky+, says PVRs present advertisers with both a threat and opportunity.

"I don't think we should be under any illusion on the impact PVRs are going to have on television."

He says marketers wanting to succeed in this environment should consider the following points:

- The amount of TV viewing increase in households with PVRs and a significant proportion (around 60 percent for UK PVR households, 40 percent for those in the US) of TV is still watched live.

The solution: "Start working with broadcasters and programme makers to make 'must-watch' live television. Live and interactive programme events are going to become premium ways of launching a campaign."

- Ad skipping by PVR users is "massive," as much as 92 percent, according to Forrester Research in the US. More positively for marketers, ad recall is the same in PVR homes as it is in non-PVR homes.

The jury is still out on why, says Huntington: "Is that because they already saw the ads during live programming? Or, does fast-forwarding take what you've already seen and cement that in your memory?" The solution: "Make sure you're first in the ad break. If you can get people before they reach for their remote then you've got a chance."

- But ad avoidance is nothing new. "PVRs have only formalised it," says Huntington. Starcom's research found the majority of Sky+ users did not consider themselves 'ad avoiders', although given the chance they would skip ads.

However, the same proportion of Sky+ and non-Sky+ respondents did admit to avoiding ads.

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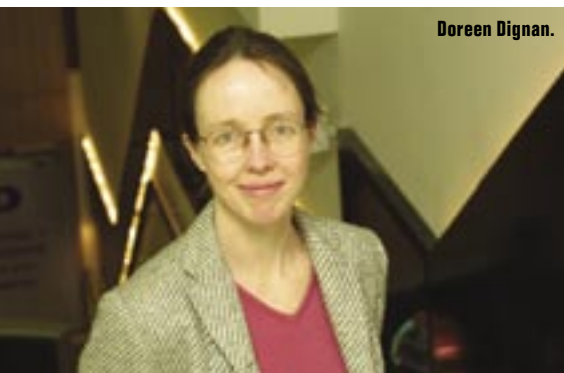
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Doreen Dignan.

forwarding through the ads, PVR users actually look out for spots like Renault, which sponsors all drama on Channel 4, in order to get ready to press 'play'.

As Huntington says, "The sponsorship bumper at the end of the break is indelibly printed on your retina. I scan for that ad intently, because I need it."

As a result, the cost to sponsors is set to double in the next four years, some commentators believe. Interactive could also get a huge boost with 'must-watch' event advertising delivered to viewers' set-top boxes.

PVRs may eventually lead to marketers gleaning highly valuable information about consumers and giving them the ability to target TV viewers in ways as specific as a neighbourhood postcode.

Later this year, TV audience research will be revolutionised when Sky launches its new audience panel based around PVR technology. It will be four times larger than the existing industry model, BARB.

PVRs are set to shake up the media landscape, both in terms of how commer-

cial 'impacts' are bought and measured, says Dignan.

Technology has improved people's relationship with TV. "That is going to make TV more valuable. But whether people are going to watch the adverts is another thing."

Huntington forecasts a time when TV advertising spots, honed down to the likes of premium sponsorship, will only be used by the biggest brands or for a major campaign launch. "Only if you are very established could you afford to go on TV."

People will also consume TV on all sorts of time-shifting devices, such as the new 'TiVo to go' service (where programmes can be burned onto DVD to play on your laptop), adds Dignan. "How will we measure impacts on those? There will be lots of challenges as we go on, but exciting challenges. There will be lots of opportunity in other media, and we need to work with our clients to find the best way forward."

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■ Simplistic, visually striking ads that don't necessarily need a voiceover will have more impact among those who fast-forward their commercials.

■ 'Associated involvement' will be the catchphrase for advertisers wanting to get noticed by PVR users. These include advertising-funded programming and sponsorship. "Try and stop the consumer from disentangling your advertising and the programming."

Sponsorship is already being hailed as one form of advertising working in the fight against the ad zappers. When fast-

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